

**SCHOOL DISTRICT**  
**OF**  
**SALEM COUNTY SPECIAL SERVICES**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Salem County Special Services Board of Education**

**Salem County, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Salem County Special Services Board of Education**

**Salem County, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**John Bolil**

**School Business Administrator/Board Secretary**

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## **INTRODUCTORY SECTION**

# SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**John R. Swain**  
Superintendent

Phone (856)769-0101 Fax (856) 769-3602

**John Bolil**

Business Administrator

Phone (856) 358-7091 ext. 4313 Fax (856) 358-6748

November 20, 2015

Honorable President and  
Members of the Board of Education  
Salem County Special Services School District  
PO Box 126  
Woodstown, New Jersey 08098

The comprehensive annual financial report of the Salem County Special Services School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds and the account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit information. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 and/or 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

- 1. REPORTING ENTITY AND ITS SERVICES:** Salem County Special Services School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Salem County Special Services Board of Education and all its schools constitutes the District's reporting entity.

The District provides a full range of special educational services for children from birth to age 21. The following programs during the 2014-2015 school year included, alternative high and middle schools, behavior disabilities, transitional career programs, Pre-school, multiply-disabilities, cognitive, autistic, and deaf and hearing impaired. The following details the changes in the student enrollment of the last five years. This includes the addition of 9 students in the 2014-15 school year.

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-15	295.0	3.15%
2013-14	286.0	84.99%
2012-13	154.6	-4.09%
2011-12	161.2	0.19%
2010-11	160.9	15.18%

2. **ECONOMIC CONDITION AND OUTLOOK:** The Salem County Special Services School District is located in a beautiful rural and agricultural county in southwestern New Jersey and conveniently located near Wilmington, Delaware and Philadelphia, Pennsylvania. The county is home to many small businesses, farms, and some industry. Major employers are PSEG, Dupont, the hospitals, County Government and the school districts. The county is rich in historical and cultural heritage. It is a small county with approximately 65,400 residents. Because of its small size, the need for community-based services is great. Opportunity abounds for creating such services, especially for the under age 18 populations, which comprises approximately 26 percent of the populations. The District has also expanded to serve neighboring Cumberland County, which is larger and much more populous. There are unlimited opportunities to serve the communities and school districts of Cumberland County. Even with its larger size and much greater student populations, Cumberland County has neither a special services school district nor an educational services commission. Therefore, the District is uniquely positioned to foster collaborative relationships with the school districts of that county. The district does receive some support from the Freeholders of both counties.
  
3. **MAJOR INITIATIVES:** The mission of the Salem County Special Services School District continues to provide a thorough and efficient education for students with modeled to severe disabilities. It is currently a regional educational service agency that provides high quality and cost effective programs and services to the schools and districts of Salem and Cumberland Counties. The ongoing mission is accomplished through the efforts of administrators and staff who are dedicated to meeting the cognitive, emotional, and social needs of each student and to seeing that each student reaches his or her fullest potential. In addition, Salem County Special Services School District embraces the concept of shared services for the purpose of maximizing efficiencies and minimizing cost. Among current services provided through a series of inter-local agreements are child study teams, related services, business administrator/board secretary, and superintendent. Finally, Salem County Special Services School District continuously monitors the emergent needs of districts in and around Salem and Cumberland Counties and provides leadership and strategies to address those needs in a manner consistent with the goals and objectives of the entire regional educational community.

Continued focus on instruction and teacher effectiveness through professional development and teacher evaluation continue to be an initiative within the district. The Danielson model was chosen for teacher evaluation and professional development was given to administration as to its use. Full implementation of this model took place during the 2014-2015 school year. The 2015-2016 school year additional training was provided to the administrators in utilization of the Danielson Evaluation tool.

The 2014-2015 school year continued with several initiatives that enhanced the educational programming in the district. The lower functioning ASD program was moved to the Salem Campus to make a move towards providing parallel programs in both counties. The higher functioning ASD program was moved from Pittsgrove Middle School to Upper Pittsgrove Elementary in order to form a cohesive K-8 team providing mainstream opportunities as students are ready. The district continued to expand higher and lower Transitional Career Programs with increased community based opportunities, job shadowing, etc. for students. The purchase of three additional vans will enable the program to continue to grow for the 2015-2016 school year. There continued to be growth in all programs at both the Cumberland and Salem Campuses. There was restructuring of Related Services and Child Study Team programs in order to in order to provide quality services to the schools we serve and solidify our base before expanding to more schools and services and Cumberland County area. The 2015-2016 school year will see a district social worker implemented and provide additional counseling services for additional students within the district. The 2015-2016 year will find the alternative school relocated to the Salem County Community College. The district feels that this move will be both a program upgrade and will allow the students to be in an educationally conducive environment.

A continued relationship with Apple Farm continues to provide fine and performing art experience which aides in the enhancing of programming. During the 2015-2016 school year the Alternative High School Continues a strong relationship with the Bridgeton School District accepting many students into the program. The Alternative Middle- High School also saw an increased enrollment from the Pennsville School District. Nova Net continues to be utized in the program and has afforded many of the students to experience success academically.

In closing, the Special Services School District continues to provide quality educational services throughout Cumberland and Salem Counties and will continue to explore and implement programming as needs throughout the two counties warrant them.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with the generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund; there is no debt service fund. The final budget amount as amended for fiscal year 2015 is reflected in the financial section.

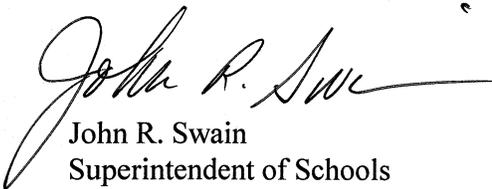
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board

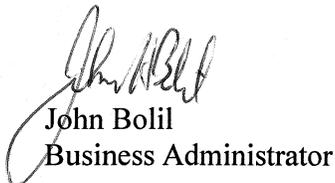
(GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements", Note 2.

7. **CASH MANAGEMENT:** The investment procedure of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents and fidelity bonds.
9. **OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of Nightlinger, Colavita & Volpa, P.A. was selected by the Board's audit committee. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 and/or 15-08 OMB. The auditor's report on the basic financial statements and supplementary schedules of expenditures of federal awards and state financial assistance is included in the financial section of this report.
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Salem County Special Services District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby continuing their full support to the development and maintenance of our financial operation. The presentation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



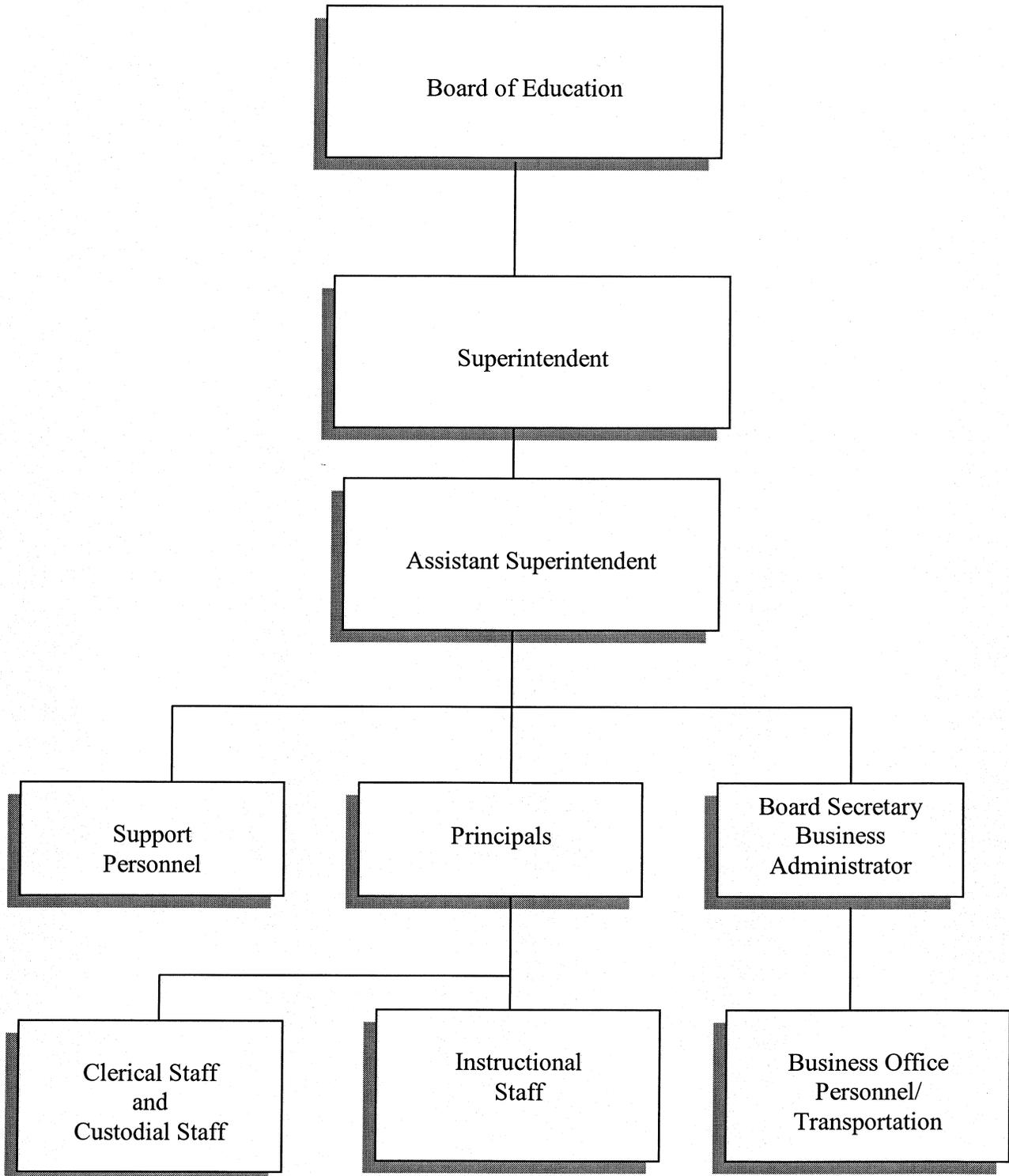
John R. Swain  
Superintendent of Schools



John Bolil  
Business Administrator

# SALEM COUNTY SPECIAL SERVICES BOARD OF EDUCATION

## Organizational Chart (Unit Control)



**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SALEM COUNTY, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2015**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
David Moffett, President	2018
Earl Ransome, Vice President	2016
James Davis	2017
Daryl Halter, Ex Officio	2017
Linwood Donelson III	2016
Mary Cummings	2018
Margaret Nicolosio - Executive County Superintendent of Schools	
<u>OTHER OFFICIALS</u>	<u>Surety Bonds</u>
John R. Swain, Superintendent	
John Bolil, Board Secretary/Business Administrator	\$ 10,000
Treasurer	150,000

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SALEM COUNTY, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**ARCHITECT**

Garrison Architects  
14000F Commerce Parkway  
Mount Laurel, New Jersey 08054

**AUDIT FIRM**

Raymond Colavita, CPA, RMA  
Nightingler, Colavita and Volpa, P.A.  
P.O. Box 799  
Williamstown, New Jersey 08094

**ATTORNEY**

Mark G. Toscano  
Comegno Law Group, P.C.  
521 Pleasant Valley Ave.  
Moorestown, NJ 08057

**INSURANCE AGENT**

Conner Strong & Buckelew  
P.O. Box 358  
Bridgeton, New Jersey 08302

**OFFICIAL DEPOSITORY**

Fulton Bank  
450 Bridgeton Pike  
Mantua, New Jersey 08051

**FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
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Williamstown, NJ 08094

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November 20, 2015

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Education  
Salem County Special Services School District  
County of Salem, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Special Services School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Salem County Special Services School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Salem County Special Services Board of Education in the County of Salem, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 19 and 53a through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salem County Special Services Board of Education's financial statements as a whole. The accompanying introductory section and other supplementary information such as combining and individual non-major fund financial statements, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedure applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2015 on our consideration of the Salem County Special Services Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SALEM COUNTY SPECIAL SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED

The discussion and analysis of Salem County Special Services School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance. The Salem County Special Services District is considered a Component Unit of Salem County.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- ❖ General revenues accounted for \$9,242,709 in revenue or 52.5 % percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$8,366,205 or 47.5 % percent to total revenues of \$17,608,914.
- ❖ Net position of governmental activities decreased by \$148,280, comprised primarily of changes in cash and cash equivalents, liabilities and capital assets.
- ❖ The School District had \$16,299,753 in expenses. Of these expenses, \$8,366,205 was offset by program specific charges for services, grants or contributions. General revenues (primarily tuition charges) were adequate to provide for these programs.
- ❖ The General Fund had \$8,779,940 in revenues, \$8,542,704 in expenditures. The General Fund's balance increased by \$237,236 over 2014. This increase was anticipated by the Board of Education.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Salem County Special Services School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Salem County Special Services School District, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the current laws and regulations in New Jersey regarding special education, facility condition and availability, sending districts' need for varied programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund along with the Shared Services enterprise fund is reported as business activities.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Salem County Special Services School District is unique because in addition to the major governmental funds of the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund there is a series of Enterprise funds entitled Shared Services

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

## The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's Net Position for the years ended 2015 and 2014.

**Table 1**  
**Net Position**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current and Other Assets	\$ 4,414,574	\$ 3,432,374
Capital Assets, Net	5,472,718	5,706,980
	<u>9,887,292</u>	<u>9,139,354</u>
<b>Deferred Outflows of Resources</b>	780,418	
<b>Liabilities</b>		
Other Liabilities	4,926,891	777,758
Long-term Liabilities	169,223	95,363
	<u>5,096,114</u>	<u>873,121</u>
<b>Deferred Outflows of Resources</b>	278,127	
<b>Net Position</b>		
Invested in capital assets, net of debt	5,472,718	5,706,980
Restricted	161,422	100,210
Unrestricted	(340,671)	2,459,043
	<u>5,293,469</u>	<u>8,266,233</u>
Total Net Position	\$ 5,293,469	\$ 8,266,233

Table 2 shows the changes in Net Position from fiscal years 2015 and 2014.

**Table 2 - Changes in Net Position**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Programs revenues		
Charges for services	\$ 7,487,747	\$ 6,721,772
Operating grants and contributions	878,458	1,004,582
General Revenues		
County taxes	353,000	241,875
Tuition	7,379,312	6,884,244
Other	1,510,397	32,573
Total Revenues	<u>17,608,914</u>	<u>14,885,046</u>
<b>Program Expenses</b>		
Instruction	2,966,578	2,530,644
Support Services		
Pupils and instructional staff	731,793	773,586
General administration, school administration, business	1,149,424	937,982
Operations and maintenance of Facilities	630,673	518,957
Pupil Transportation	48,112	62,599
Employee Benefits	4,400,924	2,672,058
Enterprise Funds		
Food Service	71,996	112,827
Other Shared Service Funds	6,030,991	5,953,561
Other	269,262	280,675
Total Expenses	<u>16,299,753</u>	<u>13,842,889</u>
Excess of Revenues over Expenditures	1,309,161	1,042,157
Fixed Asset Adjustment		467,767
Accounts Receivable Adjustment	(192,630)	
Increase in Net Position	<u>\$ 1,116,531</u>	<u>\$ 1,509,924</u>

### **Governmental Activities**

As a special services school district, the budget is approved by the Salem County Freeholders. The District's total governmental revenues were \$10,048,486 for the fiscal year ended June 30, 2015. County taxes made up 3.5% of revenues for governmental activities for fiscal year 2015. Tuition charges accounted 73.4% of total governmental activity revenue, program specific made up 8.1% and Miscellaneous revenue accounted for another 15%.

The total cost of all program and services was \$16,299,753. Instruction costs of \$2,966,578 comprised 18.2% of District Governmental Activity expenses. Student support costs were \$731,793 or 4.5%, administration costs were \$1,149,424 or 7%, plant operation costs were \$630,673 or 3.9%, transportation costs were \$48,112 or .2%, Employee benefits of \$4,400,924 represents 27.1%, enterprise costs of \$6,102,987 were 37.4% and other costs of \$269,262 were 1.7%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden assumed.

**Table 3**

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 2,966,578	\$ 2,933,415	\$ 2,530,644	\$ 2,488,578
Support services				
Pupils and instructional staff	731,793	731,793	773,586	773,586
General administration, school administration, business	1,149,424	1,149,424	937,982	937,982
Operation and maintenance of facilities	630,673	630,673	518,957	518,957
Pupil Transportation	48,112	48,112	62,599	62,599
Employee Benefit Costs	4,400,924	3,628,310	2,672,058	1,765,251
Other	269,262	269,262	280,675	280,675
<b>Total Expenses</b>	<u><u>\$ 10,196,766</u></u>	<u><u>\$ 9,390,989</u></u>	<u><u>\$ 7,776,501</u></u>	<u><u>\$ 6,827,628</u></u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

### Business-Type Activities

Revenues for the District's business-type activities (food service program and other enterprises) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$6,828 and combined other enterprise fund revenues exceeded expenses by \$1,450,613.
- ❖ Federal and state reimbursements for free and reduced meals were \$72,681.
- ❖ Charges for food services were \$6,143 or 7.8% of total food service revenue. This represents amount paid by patrons for daily food services.
- ❖ Revenue for other enterprises was \$7,481,604 consisting of \$665,523 in N.J. Dept. of Human Services fees, \$1,562,836 in tuition, \$3,756,984 in services provided other LEA's and \$1,496,261 in Non-public program fees.

### The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) had total revenues of \$8,813,103 and expenditures of \$8,575,867. The net positive/negative change in General fund balance for the year was an increase of \$237,236. This increase shows that the School District was able to meet current operating costs. The District may have the need for additional funds in the near future.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2015, and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 7,741,997	87.9%	\$ 581,349	8%
Federal Sources	30,048	0.2%	(10,062)	-25%
State Sources	1,041,058	11.9%	134,251	15%
Total	\$ 8,813,103	100.0%	\$ 705,538	9%

The increase in Local Sources is attributed to increases in tuition revenue of \$495,068, interest revenue of \$1,433, and in the county tax levy of \$111,125 and offset by decreases miscellaneous revenue of \$26,277.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015. This excludes the Capital Project Fund.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2014</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 2,966,578	35%	\$ 435,934	1720%
Undistributed expenditures	5,569,539	65%	617,557	12%
Capital Outlay	39,750	0%	12,016	43%
Total	\$ 8,575,867	100%	\$ 1,065,507	14%

The increase in Instruction is attributed to the increases in salaries of teachers and related benefit costs, along with other variances.

The increase in Undistributed Expenditures is attributed to increases in school administrative and central service expenses of \$206,692, plant operations and maintenance of \$111,716, and employee benefits of \$355,429, offset by decreases in student and instruction related services of \$41,793 and transportation cost of \$14,487.

The increase of \$12,016 in capital outlay is attributed to capital expenditures for building improvements made during the current year.

### **General Fund Budgeting Highlights**

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2015, the School District amended its General Fund budget as needed. The School District uses program based budgeting and these budgeting systems are designed to tightly control total program budgets while providing flexibility for program management in the following areas.

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final general fund budget anticipated that revenues (including fund balance appropriated) and expenditures would roughly equal, the actual results for the year show an excess of \$796,913.

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$7,327,300, there were no adjustments. The actual revenue was \$8,779,940.

During the 2014-2015 year, the School District budgeted \$353,000 for county tax and \$6,974,300 for tuition LEA. The School District also received \$1,041,058 in reimbursed TPAF Social Security Aid and TPAF Pension Contributions.

The final budget basis expenditure appropriation estimate was \$7,886,977 compared to the original estimate of \$7,317,300.

There was a positive variance in expenditures of \$385,331, excluding reimbursed TPAF Social Security Aid and TPAF Pension Contributions of \$1,041,058,

### Capital Assets

At the end of the fiscal year 2015, the School District had \$5,472,718 invested in land, buildings, machinery and equipment. Table 4 shows fiscal 2015 balances compared to 2014.

Table 4  
Capital Assets (Net of Depreciation) at June 30

	2015	2014
	<u>          </u>	<u>          </u>
Land	\$ 50,000	\$ 50,000
Land Improvements	59,679	30,006
Building and Improvements	5,343,387	5,594,385
Machinery and Equipment	19,652	32,589
	<u>          </u>	<u>          </u>
Totals	<u>\$ 5,472,718</u>	<u>\$ 5,706,980</u>

Overall capital assets decreased \$234,262 from fiscal year 2014. The decrease represents depreciation expense of \$269,262 netted with an addition to Fixed Assets of \$35,000 in the governmental activities.

### Debt Administration

At June 30, 2015, the School District had \$169,223 in outstanding debt, which was comprised of compensated absences.

### For the Future

The Salem County Special Services School District is currently in good financial condition on a budget basis, but is facing cash flow issues due to the timing of payments received by other districts for services rendered. District administration is currently working on implementing several new strategies in order to increase cash flowing into the district on a more regular basis.

The District is fully dedicated to the concept of shared services realizing that collaborative arrangements maximize both efficiency and effectiveness. During the 2014-2015 school year, the Salem County Special Services School District provided shared services in the areas of child study team, related services, business administration/board secretary, and superintendent.

The 2014-2015 year saw services to non-public schools eliminated as revenues continued to decrease and in some cases run in deficit. After a thorough analysis and discussion with the Board of Education it was determined that the feasibility of continuing to operate these services would incur debt to the district in the future.

During 2014-2015, the district continued operating the Cumberland Campus. The district continued offering classes for autistic children in that facility but has continued to expand its services. Now the building houses approximately 90 students, including ASD, MH, and PSD classes. The Child Study Team and Related Services have been relocated to at the Salem County Vocational-Technical School so that additional classroom space could be utilized for developing programs. The Regional Day School Salem

Campus Continues to experience growth in enrollment and the district is currently exploring expanding the Transitional Career Program to the Daretown Campus. There is a definite need for a vocational component for the Daretown students and the district anticipates an opportunity to create programming at this location within a short period of time.

The District continues to operate the Salem County Alternative High School and Alternative Middle School. Both have grown in numbers and appears to be stable. The district has moved the program to the Salem County Community College. The reasons for the move was twofold, it was more cost effective and provides a more educationally conducive for our students. The Alternative high School continues to grow and is led by experienced administration and staff. The Alternative Middle School, however, seen a slight drop in numbers but the district but anticipates an increase in the future. The enrollment historically increases after October.

In conclusion, the Salem County Special Services School District will continue to dialogue with local districts in Salem and Cumberland Counties to monitor existing programs and to determine how best to meet emergent needs that are in alignment with the district's mission. The district will assess all programs to determine the feasibility and sustainability to continue their operation.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information please contact John R. Swain, Superintendent of Schools at Salem County Special Services Board of Education, 880 Route 45, PO Box 126 Woodstown, NJ 08098 or email [jswain@scvts.org](mailto:jswain@scvts.org).

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 802,281	\$ 2,366,749	\$ 3,169,030
Receivables, Net	250,275	726,179	976,454
Interfund Receivable	2,626		2,626
Restricted Assets:			
Cash and Cash Equivalents	266,464		266,464
Capital Assets, Net (Note 5)	5,472,718		5,472,718
Total Assets	<u>6,794,364</u>	<u>3,092,928</u>	<u>9,887,292</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	<u>780,418</u>		<u>780,418</u>
<b>LIABILITIES</b>			
Accounts Payable	15,166	32,269	47,435
Cash Overdraft		27,981	27,981
Unearned Revenue	16,031		16,031
Net Pension Liability	4,668,980		4,668,980
Accrued Employee Benefits	166,464		166,464
Non-current Liabilities (Note 6):			
Due Beyond One Year	<u>169,223</u>		<u>169,223</u>
Total Liabilities	<u>5,035,864</u>	<u>60,250</u>	<u>5,096,114</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	<u>278,127</u>		<u>278,127</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	5,472,718		5,472,718
Restricted for:			
Maintenance Reserve	100,000	61,422	161,422
Unrestricted (Deficit)	<u>(3,311,927)</u>	<u>2,971,256</u>	<u>(340,671)</u>
Total Net Position	<u>\$ 2,260,791</u>	<u>\$ 3,032,678</u>	<u>\$ 5,293,469</u>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>		<b><u>Net (Expense) Revenue and Changes in Net Position</u></b>		
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
Governmental Activities:						
Instruction:						
Special Education	\$ 2,966,578	\$	\$ 33,163	\$ (2,933,415)	\$	\$ (2,933,415)
Support Services:						
Student & Instruction Related Services	731,793			(731,793)		(731,793)
General and Business Admin Services	295,870			(295,870)		(295,870)
School Administrative Services	527,547			(527,547)		(527,547)
Central Services	265,254			(265,254)		(265,254)
Administrative Info Tech. Services	60,753			(60,753)		(60,753)
Plant Operations and Maintenance	630,673			(630,673)		(630,673)
Pupil Transportation	48,112			(48,112)		(48,112)
Employee Benefits	4,400,924		772,614	(3,628,310)		(3,628,310)
Unallocated Depreciation	269,262			(269,262)		(269,262)
Total Governmental Activities	10,196,766		805,777	(9,390,989)		(9,390,989)
Business-type Activities:						
Food Service	71,996	6,143	72,681		6,828	6,828
Other Enterprise	6,030,991	7,481,604			1,450,613	1,450,613
Total Business-type Activities	6,102,987	7,487,747	72,681		1,457,441	1,457,441
Total Primary Government	\$ 16,299,753	\$ 7,487,747	\$ 878,458	(9,390,989)	1,457,441	(7,933,548)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes, Net				353,000		353,000
Tuition Received				7,379,312		7,379,312
Investment Earnings				3,531		3,531
Miscellaneous Income				1,506,866		1,506,866
Prior Year Accounts Receivable Adjustment					(192,630)	(192,630)
Total General Revenues, Special Items, Extraordinary Items and Transfers				9,242,709	(192,630)	9,050,079
Change in Net Position				(148,280)	1,264,811	1,116,531
Net Position—Beginning (Restated)				2,409,071	1,767,867	4,176,938
Net Position—Ending				\$ 2,260,791	\$ 3,032,678	\$ 5,293,469

**The accompanying Notes to Financial Statements are an integral part of this statement.**

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

**GOVERNMENTAL FUNDS**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 773,965	\$ 13,971	\$	\$ 787,936
Cash with Fiscal Agent	166,464			166,464
County Tax Receivable	200,000			200,000
Federal Aid Receivable		2,060		2,060
Interfunds Receivable	16,971			16,971
Intergovernmental Accounts Receivable	14,299			14,299
State Aid Receivable	33,916			33,916
Restricted Cash and Cash Equivalents	100,000			100,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	1,305,615	16,031		1,321,646
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	15,166			15,166
Unearned Revenue		16,031		16,031
Accrued Employee Benefits	166,464			166,464
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	181,630	16,031		197,661
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances:				
Restricted For:				
Maintenance Reserve	100,000			100,000
Assigned to Year-end Encumbrances	6,232			6,232
General fund	1,017,753			1,017,753
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	1,123,985			1,123,985
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 1,305,615	\$ 16,031	\$	
	<hr/>	<hr/>	<hr/>	

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,970,650 and the accumulated depreciation is \$4,497,932 (Note 5).	5,472,718
Deferred Outflow of Resources - Deferred Pension Contribution.	780,418
Deferred Inflows of Resources - Pension Actuarial Gains.	(278,127)
Long Term Net Pension Liability	(4,668,980)
Long-term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(169,223)
	<hr/>
Net Position of Governmental Activities	\$ 2,260,791
	<hr/>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources:				
County Tax Levy	\$ 353,000	\$	\$	\$ 353,000
Tuition Charges	7,379,312			7,379,312
Interest on Investments	3,531			3,531
Miscellaneous	3,039	3,115		6,154
Total - Local Sources	<u>7,738,882</u>	<u>3,115</u>		<u>7,741,997</u>
Other Sources:				
Federal Sources		30,048		30,048
State Sources	1,041,058			1,041,058
Total Revenues	<u>8,779,940</u>	<u>33,163</u>		<u>8,813,103</u>
<b>EXPENDITURES</b>				
Current:				
Special Education Instruction	2,933,415	33,163		2,966,578
Support Services:				
Student & Instruction Related Services	731,793			731,793
General Administrative Expenses	295,870			295,870
School Administrative Expenses	527,547			527,547
Central Services	265,254			265,254
Administrative Information Tech Serv.	60,753			60,753
Plant Operations and Maintenance	630,673			630,673
Pupil Transportation	48,112			48,112
Employee Benefits	3,014,287			3,014,287
Capital Outlay	35,000			35,000
Total Expenditures	<u>8,542,704</u>	<u>33,163</u>		<u>8,575,867</u>
Excess (Deficiency) of Revenues over Expenditures	<u>237,236</u>			<u>237,236</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources and Uses				
Net Change in Fund Balances	237,236			237,236
Fund Balance—July 1	886,749			886,749
Fund Balance—June 30	<u>\$ 1,123,985</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,123,985</u>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Total Net Change in Fund Balances - Governmental Funds (from B-2)</b>	<b>\$ 237,236</b>
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
In the Statement of Activities, Compensated Absences represent an operating expense measured by the additional amount or decreased amount earned during the year. In the governmental funds, expenditures are based on the amount of resources used and paid.	
	(73,860.00)
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.	
	(77,394.00)
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Capital Outlays	35,000
Depreciation expense	(269,262)
<b>Change in Net Position of Governmental Activities (A-2)</b>	<b>\$ (148,280)</b>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**PROPRIETARY FUNDS**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Other Enterprise</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 2,381,094	\$ 2,381,094
Accounts Receivable:	24,199	701,980	726,179
<b>Total Current Assets</b>	<b>24,199</b>	<b>3,083,074</b>	<b>3,107,273</b>
Fixed Assets			
Equipment		64,896	64,896
Less: Depreciation		(64,896)	(64,896)
<b>Total Fixed Assets</b>			
<b>Total Assets</b>	<b>24,199</b>	<b>3,083,074</b>	<b>3,107,273</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	3,026	29,243	32,269
Interfund Payable	14,345		14,345
Cash Overdraft		27,981	27,981
<b>Total Current Liabilities</b>	<b>17,371</b>	<b>57,224</b>	<b>74,595</b>
<b>Net Position</b>			
Restricted - Other Purposes		61,422	61,422
Unreserved	6,828	2,964,428	2,971,256
<b>Total Net Position</b>	<b>\$ 6,828</b>	<b>\$ 3,025,850</b>	<b>\$ 3,032,678</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-type Activities -		
	Enterprise Fund		
	Food Service	Other Enterprise	Total Enterprise
Operating revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:	\$ 6,143	\$	\$ 6,143
N.J. Dept. of Human Services - Fees		665,523	665,523
Tuition		1,562,836	1,562,836
Salem Campus		1,496,261	1,496,261
Services Provided Other LEA's		3,756,984	3,756,984
Total Operating Revenue:	6,143	7,481,604	7,487,747
Operating Expenses:			
Salaries		4,161,640	4,161,640
Employee Benefits		1,036,882	1,036,882
Purchased Professional and Technical Services		14,901	14,901
Purchased Professional /Educ services		468,612	468,612
Purchased Professional Services		12,865	12,865
Purchased Property services		8,879	8,879
Rental of Buildings		121,396	121,396
Other Purchased Services		18,848	18,848
Communications Telephone		3,811	3,811
Supplies and Materials		6,673	6,673
Textbooks		7,344	7,344
General Supplies	21,761	72,806	94,567
Travel		8,545	8,545
Cost of Sales	50,235		50,235
Other Objects		18,721	18,721
Cleaning /Repair /Maintenance		65,638	65,638
Utilities		37	37
Equipment		3,393	3,393
Total Operating Expenses	71,996	6,030,991	6,102,987
Operating Income (Loss)	(65,853)	1,450,613	1,384,760
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	942.00		942
Federal Sources:			
National School Breakfast Program	25,872		25,872
National School Lunch Program	45,867		45,867
Total Non-operating Revenues (Expenses)	72,681		72,681
Income (Loss) Before Contributions & Transfers	6,828	1,450,613	1,457,441
Prior Year Accounts Receivable Adjustment		(192,630)	(192,630)
Change in Net Position	6,828	1,257,983	1,264,811
Total Net Position—Beginning		1,767,867	1,767,867
Total Net Position—Ending	\$ 6,828	\$ 3,025,850	\$ 3,032,678

The accompanying Notes to Financial Statements are an integral part of this statement.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities -</b>		
	<b>Enterprise Funds</b>		
	<b>Food Service</b>	<b>Other Enterprise</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 6,143	\$ 7,792,652	\$ 7,798,795
Payments to Employees		(4,161,640)	(4,161,640)
Payments for Employee Benefits		(1,036,882)	(1,036,882)
Payments to Suppliers	(91,861)	(1,459,278)	(1,551,139)
Net Cash Provided by (Used for) Operating Activities	<u>(85,718)</u>	<u>1,134,852</u>	<u>1,049,134</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	859		859
Federal Sources	62,945		62,945
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>63,804</u>		<u>63,804</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets			
Net Cash Provided by (Used for) Capital and Related Financing Activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends			
Net Cash Provided by (Used for) Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	(21,914)	1,134,852	1,112,938
Balances—Beginning of Year	21,914	1,218,261	1,240,175
Balances—End of Year	<u>\$</u>	<u>\$ 2,353,113</u>	<u>\$ 2,353,113</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating Income (Loss)	\$ (65,853)	\$ 1,494,465	\$ 1,428,612
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation		282,918	282,918
(Increase) Decrease in Accounts Receivable, Net		21,689	9,519
Increase (Decrease) in Accounts Payable	(12,170)	(609,575)	(617,270)
Increase (Decrease) in Interfund Payable	(7,695)		
Total Adjustments	<u>(19,865)</u>	<u>(304,968)</u>	<u>(324,833)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (85,718)</u>	<u>\$ 1,189,497</u>	<u>\$ 1,103,779</u>

**The accompanying Notes to Financial Statements are an integral part of this statement.**

**FIDUCIARY FUNDS**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	<b>Memorial Expendable Trust</b>	<b>Agency Fund</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,094	\$ 20,880
	<hr/>	<hr/>
Total Assets	1,094	20,880
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>		
Interfunds Payable		2,626
Payable to Student Groups		15,230
Payroll Deductions and Withholdings		3,024
	<hr/>	<hr/>
Total Liabilities		\$ 20,880
	<hr/> <hr/>	<hr/> <hr/>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	\$ 1,094	
	<hr/> <hr/>	

The accompanying Notes to Financial Statements are an integral part of this statement.

SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Memorial Expendable Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Plan member	
Interest Income	\$ 2
	<hr/>
Total additions	2
<b>DEDUCTIONS</b>	
Withdrawals from Investments	
	<hr/>
Total Deductions	
	<hr/>
Change in Net Position	2
Net Position—Beginning of the Year	1,092
	<hr/>
Net Position—End of the Year	\$ 1,094
	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**A. Reporting Entity:**

The Salem County Special Services School District is a Type I district located in the County of Salem, State of New Jersey. As a Type I district, the School District consists of appointed officials and is responsible for the fiscal control of the district. A superintendent is appointed by the board and is responsible for the administrative control of the district. The purpose of the district is to educate special needs students in Salem County. The enrollment at June 30, 2015 was 295 students.

The Agency is considered to be a "Component Unit" of the County Of Salem under GAAP. This determination is based on the oversight responsibility of the County, which manifests itself primarily in the selection of District Board members, the accountability on fiscal matters, the approval for debt authorizations and the determination of county tax provided by the county.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Standards:**

The district adopted the following GASB statements:

- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 67, however, does not have any impact on the School District's financial statements.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**New Accounting Standards: (continued)**

- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 68, will impact the financial statements of the School District's.
  
- In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non employer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the School District's.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 69, *Government Combinations and disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the School District's financial statements, although no impact is expected.

**A. Basis of Presentation:**

The District's basic financial statements consist of District-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**A. Basis of Presentation:(continued)**

District-wide Statements: The statement of Net Position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of Net Position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

**B. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**GOVERNMENTAL FUND TYPE**

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The district reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** – As the district is a Type I district, all bonded debt is the direct obligation of the Board of Chosen Freeholders of the County of Salem.

**PROPRIETARY FUND TYPE**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**PROPRIETARY FUND TYPE (CONT'D)**

**Enterprise (Food Service) Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Funds are comprised of Food Service, Related Services, Alternative Middle and High School, Child Study, One on One Aides, Non-public Services, Summer Program, early Intervention, Business Services, and the Regional Day School.

These enterprise funds accounts for all revenues and expenses pertaining to their operations in a manner similar to private business enterprises. The stated intent is that the cost (Statement G-2) of providing services to students on a continuing basis is financed or recovered primarily through lesson charges.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund Equipment	12 Years
-----------------------------	----------

**Internal Service Fund** - The Internal Service Funds account for all revenue and expenditures pertaining to goods or services provided to other local educational associations, or to other governmental units, on a cost-reimbursement basis. While the internal service funds revenues are intended to recoup expenses, they are accounted for essentially the same as private business enterprises.

The district does not maintain an internal service fund.

**FIDUCIARY FUND TYPE**

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**FIDUCIARY FUND TYPE (CONT'D)**

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The district maintains one Expendable Trust Fund named the Memorial Expendable Trust Fund.

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

**Agency Funds** - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**C. Basis of Accounting and Measurement Focus:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basis of Accounting and Measurement Focus (Cont'd):**

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Schedule C-3 presents a reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

**E. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year.

An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**F. Tuition Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The tuition adjustments related to the 2012-13 and 2013-14 fiscal years were computed based on the certified rates as provided by the New Jersey Department of Education and invoiced to the various sending districts. The district will recognize this adjustment in the next school year.

**G. Tuition Payable:**

Tuition charges for the fiscal years 2013-14 and 2014-15, if any, were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**H. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On district-wide financial statements and in the Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**I. Short -Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**J. Assets, Liabilities and Equity:**

Transactions - Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories - On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

The Food Service Fund had no inventory on hand at June 30, 2015.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The District did not receive federal commodities during the 2014-2015 school year.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2015 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	30-50
Building Improvements	20
Equipment	5-10

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**K. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the General Long-Term Debt Account Group.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

While it is the current policy of the Salem County Special Services School District not to compensate employees for vacation and sick leave upon termination, there are compensated absences reported in the amount of \$169,223 at June 30, 2015.

**L. Unearned Revenue:**

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned.

**M. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**N. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**O. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**P. Long-term Obligations:**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**Q. Other Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**R. Comparative Data/Reclassifications:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**S. Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**T. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**U. Net Position:**

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

**V. Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**W. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**W. Revenues – Exchange and Non-exchange Transactions (Cont'd):**

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

**X. Lease Acquisition Costs:**

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2014.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits: N.J.S.A. 17:9-41, et seq. require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits where the market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Investments: New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the School does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015, the School District's bank balance of \$4,068,714 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		3,818,714
		4,068,714
	\$	4,068,714

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2015, the District had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

Capital Reserve Accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the Capital Reserve Account are restricted to capital projects in the Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the NJ Department of Education, a district may increase the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The District did not have a capital reserve account as of June 30, 2015.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital Assets that are not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total Capital Assets not being Depreciated	<u>50,000</u>			<u>50,000</u>
Land Improvements	111,854	35,000		146,854
Building and Building Improvements	9,535,022			9,535,022
Machinery and Equipment	238,774			238,774
Totals at Historical Cost	<u>9,885,650</u>	<u>35,000</u>		<u>9,920,650</u>
Less Accumulated Depreciation for :				
Land Improvements	(81,848)	(5,327)		(87,175)
Building and Improvements	(3,940,637)	(250,998)		(4,191,635)
Equipment	(206,185)	(12,937)		(219,122)
Total Accumulated Depreciation	<u>(4,228,670)</u>	<u>(269,262)</u>		<u>(4,497,932)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	5,656,980	(269,262)		5,422,718
<b>Government activities capital assets, net</b>	<u><u>\$ 5,706,980</u></u>	<u><u>\$ (234,262)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,472,718</u></u>
				<b>To A-1</b>
Depreciation expense was charged to governmental functions as follows:				
		Unallocated		<u><u>\$ 269,262</u></u>
<b>Business-Type Activities - Equipment</b>	\$ 47,523	\$ -	\$ 17,373	\$ 64,896
Less Accumulated Depreciation for :	(47,523)		(17,373)	(64,896)
Business-Type Activities Capital Assets - Net	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 6. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
<b>Governmental Activities:</b>						
Bonds payable:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities:						
Compensated absences payable	95,363	73,860		169,223		169,223
Total other liabilities	<u>\$ 108,835</u>	<u>\$ 73,860</u>	<u>\$ -</u>	<u>\$ 169,223</u>	<u>\$ -</u>	<u>\$ 169,223</u>
<b>Business-Type Activities:</b>						
Compensated absences payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**A. Bonds Payable** - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

The Board of Special Services is a Type I School District under New Jersey Statutes. Therefore, all bonded debt is generally accounted for and anticipated to be financed by the County of Salem.

On April 13, 2015, the County of Salem issued Special Services School Refunding Bonds, Series 2015, in the amount of \$3,885,000. The Bonds were issued for the purpose of advance refunding \$3,615,000 of outstanding principle on the County's Special Services School Bonds, Series 2008, maturing October 1, 2019 through 2028 and certain costs associated with the issuance of the Bonds. The combined principal and interest remaining on the Bonds is presented for "Memorandum Only" purposes as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015-16	\$ 270,000	\$ 159,935	\$ 429,935
2016-17	295,000	159,613	454,613
2017-18	305,000	147,094	452,094
2018-19	320,000	132,561	452,561
2019-20	330,000	120,136	450,136
2020-21	340,000	108,386	448,386
2021-22	355,000	98,036	453,036
2022-23	360,000	87,288	447,288
2023-24	375,000	72,588	447,588
2024-25	385,000	59,313	444,313
2025-26	395,000	47,613	442,613
2026-27	405,000	35,107	440,107
2027-28	410,000	21,351	431,351
2028-29	405,000	7,088	412,088
Total	<u>\$ 4,950,000</u>	<u>\$ 1,256,109</u>	<u>\$ 6,206,109</u>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 6. GENERAL LONG-TERM DEBT (CONT'D)**

**A. Bonds Payable (Cont'd)** - In addition, the State of New Jersey will provide aid in the amount of 55.38% of the Debt Service on the County Bonds. The required payments by the District to the County pursuant to "A" above are subject to the availability and annual appropriation of sufficient funds required to meet the obligation.

**B. Capital Leases** - The District does not have any other capital leases at June 30, 2015.

**NOTE 7. OPERATING LEASES**

Three classrooms and related facilities are currently rented at the Upper Pittsgrove School for the period of July 1, 2015 to June 30, 2016, at a total cost of \$52,632.

On April 1, 2013, a lease was signed for the use of bathroom facilities, a gymnasium and common areas within the John B. Campbell Family & Fitness Center in Salem, New Jersey. The lease agreement was in effect for the period of April 13, 2013 through July 31, 2015, at a cost of \$132,160 per fiscal year.

On December 16, 2014, a lease agreement was signed for the use of various facilities and one fieldhouse office within the Salem Community College. The lease agreement is in effect for the period of July 1, 2015 through June 30, 2016, at a cost of \$100,000.

The District has one outstanding lease agreement for a copier. Future minimum lease payments are as follows:

Year Ending June 30	Amount
2016-17	\$ 2,615
2017-18	2,615
2018-19	2,615
Total	\$ 7,845

**NOTE 8. MAINTENANCE RESERVE**

The District has an approved maintenance reserve with a balance of \$100,000, which is in agreement with the Local Facilities Planning Document.

**NOTE 9. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at a fair value.

For the year ended June 30, 2015, the District recognized pension expense of \$167,835 and revenue of \$167,835 for support provided by the State.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2015, the District recognized pension expense of \$282,887. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (PERS) (Continued) -**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<hr/>	<hr/>
Differences between expected and actual experience	\$	\$
Changes of assumptions	146,755	
Net difference between projected and actual earnings on pension plan investments		278,127
Changes in proportion and differences between District contributions and proportionate share of contributions	428,170	
District contributions subsequent to the measurement date	205,493	
	<hr/>	<hr/>
Total	\$ 780,418	\$ 278,127
	<hr/> <hr/>	<hr/> <hr/>

\$146,755 reported as deferred outflows of resources related to pensions resulting from school district or charter school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Additional Information**

Collective balances at June 30, 2013 and 2014 are as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Collective deferred outflows of resources	\$ 1,032,618,058	\$
Collective deferred inflows of resources	1,726,631,532	
Collective net pension liability	14,665,837,859	15,190,834,283
 District's Proportion	 0.0249268068%	 0.02227465582%

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Vesting and Benefit Provisions (Continued)** - The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation**

P.L. 2011, c. 78, effective October 2011, set new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this legislation's effective date with a minimum contribution required to be at least 1.5 percent of salary.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS.

**Contribution Requirements (Continued)** - The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three -Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 205,493	100%	\$ 205,493
6/30/14	182,885	100%	182,885
6/30/13	172,446	100%	172,446

**Three -Year Trend Information for TPAF (Paid on-behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 694,599	100%	\$ 0
6/30/14	583,905	100%	0
6/30/13	711,912	100%	0

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9. PENSION PLANS (CONT'D)**

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$268,444 to the TPAF for Pension Contributions, \$426,155 for post-retirement benefits and nothing for normal contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$346,459 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

**NOTE 10. POST-EMPLOYMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

**NOTE 11. COMPENSATED ABSENCES**

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11. COMPENSATED ABSENCES (CONTINUED)**

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, a liability existed for compensated absences in the General Fund of \$169,223 and none in the Food Service Fund.

**NOTE 12. DEFERRED COMPENSATION**

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators were Lincoln, Prudential, American General Life, ING, AFLAC, and Vanguard.

**NOTE 13. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this plan, the District is required to transmit quarterly amounts to the New Jersey Unemployment Trust Fund to provide for benefits paid to its former employees and charged to its account with the State. The district does not maintain an expendable trust fund.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Contributed to UC System</u>	<u>Ending Reserve Balance</u>
2014-2015	\$ 31,886	\$ 33,026	\$ 64,912	\$ -0-
2013-2014	30,815	32,919	63,734	-0-
2012-2013	27,776	29,487	57,263	-0-

**NOTE 14. LITIGATION**

The District is not involved in any lawsuit incidental to its operations and the administration and legal council are not aware of any matters pending or threatened, which are likely to have a material adverse effect on the financial position of the District.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 15. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 16,971	\$
Food Service		14,345
Trust and Agency Fund		2,626
Total	\$ 16,971	\$ 16,971

**NOTE 16. FUND BALANCE APPROPRIATED**

Of the \$1,123,985 General Fund balance at June 30, 2015, \$6,232 is assigned for encumbrances; nothing has been appropriated and also included as anticipated revenue for the year ending June 30, 2015; \$100,000 is restricted for Maintenance Reserve and \$1,017,753 is unrestricted and unassigned.

**NOTE 17. CALCULATION OF EXCESS SURPLUS**

Special Services School Districts are subject to an excess surplus calculation in accordance with N.J.S.A. 18A:46-31 as amended. The New Jersey Department of Education will perform this calculation during its process of tuition rate certification. Therefore, no excess surplus, if applicable, is reflected in the financial statements.

**NOTE 18. MERGE OF THE SALEM COUNTY SPECIAL SERVICES BOARD OF  
EDUCATION AND THE SALEM COUNTY VO-TECH BOARD OF EDUCATION**

Effective, July 1, 2009, the Salem County Board of Chosen Freeholders adopted a resolution to disband the Salem County Special Services Board of Education and the Salem County Vo-Tech Board of Education, instituting a new Board named "The Board of Education for the Vocational School District and the Special Services School District for the County of Salem".

**NOTE 19. ACCOUNTS RECEIVABLES**

Accounts Receivables at June 30, 2015 consisted of fees, tuition and grants are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund
Receivables:			
County Tax	\$ 200,000	\$	
Intergovernmental	48,215	2,060	726,179
Total	\$ 248,215	\$ 2,060	\$ 726,179

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 20. RETRO ACTIVE RESTATEMENT OF NET POSITION**

**Restatement of Prior Period**

The District adopted GASB No. 68 - Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71- Pension Transition for Contributions Made Subsequent to the Measurement Date, the district restated to its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Beginning net position as previously reported at June 30, 2014	\$ 6,498,366
Prior Period Adjustment - Implementation GASB 68:	
Net Pension Liability (measurement date)	(4,257,130)
Net Deferred Outflows	<u>167,835</u>
Net Position as restated, July 1, 2014	<u>\$ 2,409,071</u>

End of Notes to Financial Statements

**BUDGETARY COMPARISON SCHEDULES**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule-General Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<u>Original</u> <u>Actual</u>	<u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<b>Revenues:</b>					
<b>Local Sources:</b>					
County Tax Levy	\$ 353,000	\$	\$ 353,000	\$ 353,000	
Tuition from LEA's	6,974,300		6,974,300	7,379,312	405,012
Interest on Investments				3,531	3,531
Unrestricted Miscellaneous Revenues				3,039	3,039
<b>Total - Local Sources</b>	<u>7,327,300</u>		<u>7,327,300</u>	<u>7,738,882</u>	<u>411,582</u>
<b>State Sources:</b>					
On-behalf TPAF Pension Contribution				268,444	268,444
On-behalf TPAF Post-Retirement Medical Contributions				426,155	426,155
Reimbursement TPAF Social Security				346,459	346,459
<b>Total - State Sources</b>				<u>1,041,058</u>	<u>1,041,058</u>
<b>TOTAL REVENUES</b>	<u>7,327,300</u>		<u>7,327,300</u>	<u>8,779,940</u>	<u>1,452,640</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSES:</b>					
<b>Special Education:</b>					
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	585,748	80,503	666,251	606,247	60,004
Other Salaries for Instruction	139,696	59,425	199,121	197,988	1,133
Purchased Professional - Educational Services	5,000		5,000	4,967	33
Purchased Technical Services	2,000	(450)	1,550	1,533	17
Other Purchased Services	5,500	430	5,930	5,780	150
General Supplies	11,000	219	11,219	10,243	976
Textbooks	15,000	(15,000)			
Other Objects	5,000	(1,918)	3,082	2,895	187
<b>Total Behavioral Disabilities</b>	<u>768,944</u>	<u>123,209</u>	<u>892,153</u>	<u>829,653</u>	<u>62,500</u>
<b>Multiply Disabilities:</b>					
Salaries of Teachers	556,975	154,714	711,689	703,855	7,834
Other Salaries for Instruction	268,605	87,488	356,093	346,948	9,145
Purchased Professional - Educational Services	20,000	(972)	19,028	18,713	315
Other Purchased Services	5,221	(1,800)	3,421	3,186	235
General Supplies	13,000	(3,191)	9,809	9,469	340
Other Objects	7,000	(3,666)	3,334	3,324	10
<b>Total Multiply Disabilities</b>	<u>870,801</u>	<u>232,573</u>	<u>1,103,374</u>	<u>1,085,495</u>	<u>17,879</u>
<b>Autism:</b>					
Salaries of Teachers	567,485	(75,264)	492,221	468,909	23,312
Other Salaries for Instruction	354,422	(96,064)	258,358	247,685	10,673
Purchased Professional - Educational Services	40,000	7,070	47,070	43,537	3,533
Purchased Technical Services	350	(350)			
Other Purchased Services	800	416	1,216	1,080	136
General Supplies	25,000	(2,323)	22,677	22,125	552
Other Objects	4,000	(816)	3,184	2,657	527
<b>Total Autism</b>	<u>992,057</u>	<u>(167,331)</u>	<u>824,726</u>	<u>785,993</u>	<u>38,733</u>
<b>Preschool Disabilities - Full Time</b>					
Salaries of Teachers	86,918	(9,378)	77,540	75,589	1,951
Other Salaries for Instruction	17,744	10,604	28,348	27,923	425
Purchased Professional-Educational Services	4,000	(3,000)	1,000	1,000	
Other Purchased Services	2,221	100	2,321	2,017	304
General Supplies	2,500		2,500	2,446	54
Other Objects	1,500	(1,174)	326	310	16
<b>Total Preschool Disabilities - Full Time</b>	<u>114,883</u>	<u>(2,848)</u>	<u>112,035</u>	<u>109,285</u>	<u>2,750</u>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule-General Fund**  
**For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Cognitive - Severe:</b>					
Salaries of Teachers	\$ 117,845	\$ (5,609)	\$ 112,236	\$ 111,399	\$ 837
Purchased Professional - Educational Services	17,000	(17,000)			
Other Purchased Services	4,721	(2,631)	2,090	1,718	372
General Supplies	12,734	(5,785)	6,949	6,919	30
Other Objects	4,000	(1,024)	2,976	2,953	23
<b>Total Cognitive Severe</b>	<b>156,300</b>	<b>(32,049)</b>	<b>124,251</b>	<b>122,989</b>	<b>1,262</b>
<b>Total Special Education</b>	<b>2,902,985</b>	<b>153,554</b>	<b>3,056,539</b>	<b>2,933,415</b>	<b>123,124</b>
<b>Total Instruction</b>	<b>2,902,985</b>	<b>153,554</b>	<b>3,056,539</b>	<b>2,933,415</b>	<b>123,124</b>
<b>Undistributed Expenditures:</b>					
<b>Attendance and Social Work Services</b>					
Salaries	13,275	5,050	18,325	17,558	767
Other Purchased Services	8,073	(2,527)	5,546	5,546	
<b>Total Attendance and Social Work Services</b>	<b>21,348</b>	<b>2,523</b>	<b>23,871</b>	<b>23,104</b>	<b>767</b>
<b>Health Services:</b>					
Salaries	197,003	846	197,849	197,495	354
Purchased Professional and Technical Services	1,200	458	1,658		1,658
Other Purchased Services	2,928	(1,563)	1,365	1,219	146
Supplies and Materials	14,800	(650)	14,150	14,140	10
<b>Total Health Services</b>	<b>215,931</b>	<b>(909)</b>	<b>215,022</b>	<b>212,854</b>	<b>2,168</b>
<b>Speech, OT, PT &amp; Related Services</b>					
Salaries	457,864	92,993	550,857	472,438	78,419
Purchased Professional Educational Services	6,000	(3,600)	2,400	2,314	86
<b>Total Related Services</b>	<b>463,864</b>	<b>89,393</b>	<b>553,257</b>	<b>474,752</b>	<b>78,505</b>
<b>Child Study Team</b>					
Salaries of Secretarial and Clerical Assistants	3,895		3,895	3,895	
Other Purchased Services	200	(200)			
Supplies and Materials	500	(500)			
<b>Total Child Study Teams</b>	<b>4,595</b>	<b>(700)</b>	<b>3,895</b>	<b>3,895</b>	
<b>Improvement of Instruction Services/Other Support Services- Instructional Staff</b>					
Salaries of Secretarial and Clerical Assistants	3,895		3,895	3,895	
Supplies and Materials	23,500	(22,519)	981	980	1
<b>Total Improvement of Instruction</b>	<b>27,395</b>	<b>(22,519)</b>	<b>4,876</b>	<b>4,875</b>	<b>1</b>
<b>Educational Media Services: School Library</b>					
Purchased Professional and Technical Services	13,000	(11,706)	1,294	1,294	
<b>Total Educational Media Services</b>	<b>13,000</b>	<b>(11,706)</b>	<b>1,294</b>	<b>1,294</b>	
<b>Instructional Staff Training Services:</b>					
Salaries of Secretarial and Clerical Assistants	3,895		3,895	3,895	
Purchased Professional - Educational Services	1,000	(1,000)			
Other Purchased Services	7,500	(6,676)	824	663	161
Supplies and Materials	1,000	5,461	6,461	6,461	
<b>Total Instructional Staff Training Services</b>	<b>13,395</b>	<b>(2,215)</b>	<b>11,180</b>	<b>11,019</b>	<b>161</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule-General Fund**  
**For the Fiscal Year Ended June 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Undistributed Expenditures: (Continued)</b>					
<b>Support Services - General Administration:</b>					
Salaries	\$ 94,075	\$ 94,126	\$ 188,201	\$ 187,653	\$ 548
Legal Services	27,000	11,450	38,450	32,042	6,408
Audit Fees	10,000	10,644	20,644	20,644	
Other Purchased Professional Services	50,000	(29,536)	20,464	19,214	1,250
Communication/Telephone	4,500	(750)	3,750	2,082	1,668
Other Purchased Services	8,169	18,167	26,336	25,008	1,328
General Supplies	5,000	(2,458)	2,542	2,266	276
BOE In-House Training/Meeting Supplies	500	(500)			
Miscellaneous Expenditures	4,500	(288)	4,212	3,780	432
BOE Membership Dues and Fees	6,000	(2,618)	3,382	3,181	201
<b>Total Support Services - General Administration</b>	<b>209,744</b>	<b>98,237</b>	<b>307,981</b>	<b>295,870</b>	<b>12,111</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	359,472	33,869	393,341	369,784	23,557
Salaries of Secretarial and Clerical Assistants	111,235	24,673	135,908	129,283	6,625
Purchased Professional and Technical Services	1,000	(1,000)			
Other Purchased Services	26,967	(12,173)	14,794	14,543	251
Supplies and Materials	10,000	2,305	12,305	12,274	31
Other Objects	4,400	(2,636)	1,764	1,663	101
<b>Total Support Services - School Administration</b>	<b>513,074</b>	<b>45,038</b>	<b>558,112</b>	<b>527,547</b>	<b>30,565</b>
<b>Central Services</b>					
Salaries	156,670	75,305	231,975	230,365	1,610
Purchased Professional Services	1,000	(850)	150	75	75
Purchased Technical Services	24,000	8,000	32,000	28,967	3,033
Miscellaneous Purchased Services	1,500	(1,500)			
Supplies and Materials	4,500	(2,488)	2,012	2,012	
Miscellaneous Expenditures	750	3,085	3,835	3,835	
<b>Total Central Services</b>	<b>188,420</b>	<b>81,552</b>	<b>269,972</b>	<b>265,254</b>	<b>4,718</b>
<b>Admin. Info. Technology</b>					
Salaries	49,913	9,651	59,564	56,966	2,598
Purchased Technical Services	3,000	1,312	4,312	3,392	920
Other Purchased Services	500	(105)	395	395	
Supplies and Materials	1,500	(1,500)			
<b>Total Admin. Info. Technology</b>	<b>54,913</b>	<b>9,358</b>	<b>64,271</b>	<b>60,753</b>	<b>3,518</b>
<b>Total Central Services &amp; Admin. Info. Technology</b>	<b>243,333</b>	<b>90,910</b>	<b>334,243</b>	<b>326,007</b>	<b>8,236</b>
<b>Required Maintenance for School Facilities</b>					
Salaries	47,588	68,446	116,034	111,856	4,178
Cleaning, Repair, and Maintenance Services	80,000	(14,880)	65,120	63,410	1,710
General Supplies	20,000	2,566	22,566	21,405	1,161
<b>Total Required Maintenance for School Facilities</b>	<b>147,588</b>	<b>56,132</b>	<b>203,720</b>	<b>196,671</b>	<b>7,049</b>
<b>Operation And Maintenance Of Plant Services:</b>					
Purchased Professional and Technical Services	9,500	(1,500)	8,000	7,440	560
Cleaning, Repair and Maintenance Services	204,253	20,133	224,386	196,144	28,242
Rental - Other than Lease Purchase Agreements	56,900	(4,250)	52,650	52,649	1
Other Purchased Property Services	300	(200)	100		100
Insurance	29,957		29,957	29,957	
General Supplies	11,000	(273)	10,727	10,253	474
Energy (Electricity)	120,541	(106,899)	13,642	11,625	2,017
Energy (Natural Gas)	20,000	96,274	116,274	91,018	25,256
Energy (Oil)	46,739	(3,229)	43,510	21,566	21,944
<b>Total Operation of Plant Services</b>	<b>499,190</b>	<b>56</b>	<b>499,246</b>	<b>420,652</b>	<b>78,594</b>
<b>Care and Upkeep of Grounds</b>					
Cleaning, Repair and Maintenance Services	12,500	1,550	14,050	13,350	700
<b>Total Operation And Maintenance of Plant Services</b>	<b>659,278</b>	<b>57,738</b>	<b>717,016</b>	<b>630,673</b>	<b>86,343</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule-General Fund**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable (Unfavorable)</b>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Undistributed Expenditures: (Continued)</b>					
<b>Student Transportation Services</b>					
Salaries - Other Than Between Home and School	\$ -	\$	\$	\$	
Cont Services-Other Than between Home and School-Vendors	56,000	603	56,603	48,112	8,491
<b>Total Student Transportation Services</b>	<b>56,000</b>	<b>603</b>	<b>56,603</b>	<b>48,112</b>	<b>8,491</b>
<b>Allocated Benefits:</b>					
Health Benefits		5,444	5,444	5,443	1
<b>Total Allocated Benefits</b>		<b>5,444</b>	<b>5,444</b>	<b>5,443</b>	<b>1</b>
<b>Unallocated Benefits - Employee Benefits:</b>					
Social Security Contributions	131,924	(126,444)	5,480		5,480
Other Retirement Contributions - PERS	170,000	(45,018)	124,982	124,982	
Unemployment Compensation	42,000	168,300	210,300	205,141	5,159
Workers' Compensation	86,947	5,790	92,737	92,735	2
Health Benefits	1,409,177	120,238	1,529,415	1,514,973	14,442
Tuition Reimbursements	35,000	(1,679)	33,321	28,296	5,025
Other Employee Benefits	10,000	(8,341)	1,659	1,659	
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>1,885,048</b>	<b>112,846</b>	<b>1,997,894</b>	<b>1,967,786</b>	<b>30,108</b>
On-behalf TPAF Non-Contributory Insurance (Non-budgeted)				268,444	(268,444)
On-behalf TPAF Postretirement Contributions				426,155	(426,155)
Reimbursed TPAF Social Security Contributions Not-Budgeted)				346,459	(346,459)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>1,041,058</b>	<b>(1,041,058)</b>
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>1,885,048</b>	<b>112,846</b>	<b>1,997,894</b>	<b>3,008,844</b>	<b>(1,010,950)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>4,326,005</b>	<b>464,683</b>	<b>4,790,688</b>	<b>5,574,289</b>	<b>(783,601)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>7,228,990</b>	<b>618,237</b>	<b>7,847,227</b>	<b>8,507,704</b>	<b>(660,477)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Instructional					
<b>Facilities Acquisition and Construction Services:</b>					
Land and Improvements	88,310	(48,560)	39,750	35,000	4,750
<b>Total Facilities Acquisition and Construction Services</b>	<b>88,310</b>	<b>(48,560)</b>	<b>39,750</b>	<b>35,000</b>	<b>4,750</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>88,310</b>	<b>(48,560)</b>	<b>39,750</b>	<b>35,000</b>	<b>4,750</b>
<b>TOTAL EXPENDITURES</b>	<b>7,317,300</b>	<b>569,677</b>	<b>7,886,977</b>	<b>8,542,704</b>	<b>(655,727)</b>
<b>Excess (Deficiency) of Revenues and Other Over/(Under) Expenditures</b>	<b>10,000</b>	<b>(569,677)</b>	<b>(559,677)</b>	<b>237,236</b>	<b>796,913</b>
<b>Other Financing Sources (uses):</b>					
<b>Operating Transfers Out:</b>					
Food Service - Transfer to Cover Deficit	(10,000)	10,000			
<b>Total Other Financing Sources (Uses)</b>	<b>(10,000)</b>	<b>10,000</b>			
<b>Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses</b>		<b>(559,677)</b>	<b>(559,677)</b>	<b>237,236</b>	<b>796,913</b>
<b>Fund Balances, July 1</b>	<b>886,749</b>		<b>886,749</b>	<b>886,749</b>	
<b>Fund Balances, June 30</b>	<b>\$ 886,749</b>	<b>\$ (559,677)</b>	<b>\$ 327,072</b>	<b>\$ 1,123,985</b>	<b>\$ 796,913</b>
<b>RECAPITULATION</b>					
<b>Restricted Fund Balance:</b>					
Maintenance Reserve				\$ 100,000	
<b>Assigned to:</b>					
Year-End Encumbrances				6,232	
<b>Unassigned Fund Balance</b>				<b>1,017,753</b>	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>\$ 1,123,985</b>	

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**AS OF JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources	\$	\$	\$	\$ 3,115	\$ 3,115
State Sources					
Federal Sources	38,830		38,830	30,048	(8,782)
<b>Total Revenues</b>	<u>38,830</u>		<u>38,830</u>	<u>33,163</u>	<u>(5,667)</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Supplies and Materials	38,830		38,830	33,163	5,667
Other					
<b>Total Instruction</b>	<u>38,830</u>		<u>38,830</u>	<u>33,163</u>	<u>5,667</u>
<b>Support Services</b>					
Personal Services - Employee Benefits					
Cleaning/Repair/Required Maintenance					
General Supplies					
<b>Total Support Services</b>					
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>38,830</u>		<u>38,830</u>	<u>33,163</u>	<u>5,667</u>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>38,830</u>		<u>38,830</u>	<u>33,163</u>	<u>5,667</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION PART II**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET -TO-GAAP RECONCILIATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

	<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1] \$ 8,779,940	[C-2]	\$ 33,163
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
-----			
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 8,779,940	[B-2]	\$ 33,163
=====			
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 8,542,704	[C-2]	\$ 33,163
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
-----			
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2] \$ 8,542,704	[B-2]	\$ 33,163
=====			

**REQUIRED SUPPLEMENTARY**  
**INFORMATION PART III**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM**

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.0249268068%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,666,980
District's Covered-Employee Payroll	\$ 2,207,070
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	211.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2014</u>
Contractually Required Contribution	\$ 205,493
Contributions in Relation to the Contractually Required Contribution	<u>(205,493)</u>
Contribution Deficiency (Excess)	<u>\$</u>
District's Covered-Employee Payroll	\$ 2,207,070
Contributions as a Percentage of Covered-Employee Payroll	9.31%

SCHEDULE L-3

SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHER'S PENSION PLAN

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.05229%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,461,365
District's Covered-Employee Payroll	\$ 4,543,261
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	32.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION PART III**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III**  
**PENSION SCHEDULES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Teachers' Pension and Annuity Fund (TPAF)**

*Changes of benefit terms.* The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

*Change of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

*Changes of benefit terms.* The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

*Change of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**SALEM COUNTY SPECIAL SERVICES DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULES OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	NJSIG	REAP		Totals	
	Safety Grant	2015	2014	2015	2014
<b>REVENUES:</b>					
Federal sources	\$	\$ 21,260	\$ 8,788	\$ 30,048	\$ 40,110
State sources					
Other sources		3,115		3,115	1,956
<b>Total Revenues</b>		<u>3,115</u>	<u>21,260</u>	<u>33,163</u>	<u>42,066</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					
Supplies and Materials		3,115	21,260	33,163	41,229
Other					837
<b>Total Instruction</b>		<u>3,115</u>	<u>21,260</u>	<u>33,163</u>	<u>42,066</u>
Support Services - General Administration:					
Supplies and Materials					
<b>Total Support Services</b>					
Facilities Acquisition and Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	\$	<u>3,115</u>	<u>\$ 21,260</u>	<u>\$ 33,163</u>	<u>\$ 42,066</u>

## **PROPRIETARY FUND DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services in all schools within the school district.

**Alternative High School Enterprise Fund** – This fund provides for the operation of the District’s Alternative High School.

**Transportation Enterprise Fund** – This fund provides for transportation services provided to other local educational associations.

**Related Services Enterprise Fund** – This fund provides for student support services which are provided to other local educational associations.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 PROPRIETARY ENTERPRISE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2015 AND 2014**

	<u>Child Study Team</u>	<u>Alternative Middle &amp; High School Fund</u>	<u>Related Services Fund</u>	<u>One on One Aides</u>	<u>Nonpublic Interlocal Fund</u>	<u>Summer Programs</u>	<u>Regional Day School</u>	<u>Food Service Fund</u>	<u>Totals</u>	
									2015	2014
<b>ASSETS:</b>										
Current Assets:										
Cash and cash equivalents	\$ 175,888	\$ 118,902	\$ 301,014	\$ 264,744		\$ 346,363	\$ 1,174,183		\$ 2,381,094	\$ 1,659,418
Accounts Receivable:										
State								328	328	245
Federal								23,871	23,871	15,077
Intergovernmental	174,893	157,330	94,040	204,026	27,981	43,710			701,980	1,148,572
Other										28,956
<b>Total Current Assets</b>	<b>350,781</b>	<b>276,232</b>	<b>395,054</b>	<b>468,770</b>	<b>27,981</b>	<b>390,073</b>	<b>1,174,183</b>	<b>24,199</b>	<b>3,107,273</b>	<b>2,852,268</b>
Fixed Assets										
Equipment	9,738				33,209		4,576	17,373	64,896	47,523
Less: Depreciation	(9,738)				(33,209)		(4,576)	(17,373)	(64,896)	(47,523)
<b>Total Assets</b>	<b>350,781</b>	<b>276,232</b>	<b>395,054</b>	<b>468,770</b>	<b>27,981</b>	<b>390,073</b>	<b>1,174,183</b>	<b>24,199</b>	<b>3,107,273</b>	<b>2,852,268</b>
<b>LIABILITIES:</b>										
Current Liabilities:										
Accounts Payable	11,108	11,264	1,829				5,042	3,026	32,269	33,543
Cash Overdraft					27,981				27,981	419,243
Interfund Payable								14,345	14,345	631,615
<b>Total Current Liabilities</b>	<b>11,108</b>	<b>11,264</b>	<b>1,829</b>		<b>27,981</b>		<b>5,042</b>	<b>17,371</b>	<b>74,595</b>	<b>1,084,401</b>
<b>Net Position:</b>										
Unrestricted	339,673	264,968	393,225	468,770		328,651	1,169,141	6,828	2,971,256	1,767,867
Restricted - Other Purposes						61,422			61,422	
<b>Total Net Position</b>	<b>\$ 339,673</b>	<b>\$ 264,968</b>	<b>\$ 393,225</b>	<b>\$ 468,770</b>		<b>\$ 390,073</b>	<b>\$ 1,169,141</b>	<b>\$ 6,828</b>	<b>\$ 3,032,678</b>	<b>\$ 1,767,867</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PROPRIETARY ENTERPRISE FUNDS  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2015 AND 2014**

	Child Study Team	Alternative Middle & High School Fund	Related Services Fund	One on One Aides	Nonpublic Interlocal Fund	Summer Programs	Early Intervention Program	Business Service Fund	Regional Day School	Food Service Fund	Totals		
											2015	2014	
<b>OPERATING REVENUES:</b>													
Local Sources:													
Daily sales - reimbursable programs:													
School lunch and breakfast program	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	6,143	6,143.00	\$ 6,332
Total daily sales - reimbursable programs											6,143	6,143.00	6,332
N.J. Dept of Human Services - Fees							665,523				665,523		545,758
Tuition		687,286				619,844			255,706		1,562,836		2,894,284
Non-Public School Program Salem Campus									1,496,261		1,496,261		189,326
Services provided other LEAs	1,418,092		878,541	1,330,208	58,268	71,875					3,756,984		3,086,072
<b>Total Operating Revenue</b>	<b>1,418,092</b>	<b>687,286</b>	<b>878,541</b>	<b>1,330,208</b>	<b>58,268</b>	<b>691,719</b>	<b>665,523</b>		<b>1,751,967</b>	<b>6,143</b>	<b>7,487,747</b>		<b>6,721,772</b>
<b>OPERATING EXPENSES:</b>													
Salaries	889,654	458,603	617,870	530,153	101,428	537,049	198,731		828,152		4,161,640		3,803,529
Employee benefits	154,690	100,903	258,785	309,737	44,013		43,297	756	124,701		1,036,882		1,231,463
Meetings													400
Purchased professional and technical services								14,901			14,901		77,486
Purchased Technical Services													
Purchased Professional /Educ services	13,901	11,305	870				437,354		5,182		468,612		323,834
Purchased Professional Services	10,084		2,781								12,865		150,605
Purchased property services							8,879				8,879		
Rental of Buildings		121,396									121,396		134,946
Other purchased services		8,031	380		3,495				6,942		18,848		32,948
Communications Telephone							3,811				3,811		868
Textbooks		6,630							714		7,344		
Supplies and materials		6,336							337		6,673		78,766
General Supplies	18,825	5,627	8,456		741	13,010	1,646		24,501	21,761	94,567		17,239
Travel	2,635		5,852		58						8,545		8,289
Cost of sales										50,235	50,235		95,588
Other objects		1,364				14,204			3,153		18,721		748
Required Maintenance:													
Cleaning /Repair /Maintenance									65,638		65,638		78,339
Equipment									3,393		3,393		
Utilities			37								37		15,794
Bad Debt Expense													15,546
<b>Total Operating Expenses</b>	<b>\$ 1,089,789</b>	<b>\$ 720,195</b>	<b>\$ 895,031</b>	<b>\$ 839,890</b>	<b>\$ 149,735</b>	<b>\$ 564,263</b>	<b>\$ 693,718</b>	<b>\$ 15,657</b>	<b>\$ 1,062,713</b>	<b>\$ 71,996</b>	<b>\$ 6,102,987</b>		<b>\$ 6,066,388</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PROPRIETARY ENTERPRISE FUNDS  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2015 AND 2014**

	<u>Child Study Team</u>	<u>Alternative Middle &amp; High School Fund</u>	<u>Related Services Fund</u>	<u>One on One Aides</u>	<u>Nonpublic Interlocal Fund</u>	<u>Summer Programs</u>	<u>Early Intervention Program</u>	<u>Business Service Fund</u>	<u>Regional Day School</u>	<u>Food Service Fund</u>	<u>Totals</u>	<u>Totals</u>
											2015	2014
Operating Income (Loss)	\$ 328,303	\$ (32,909)	\$ (16,490)	\$ 490,318	\$ (91,467)	\$ 127,456	\$ (28,195)	\$ (15,657)	\$ 689,254	\$ (65,853)	\$ 1,384,760	\$ 655,384
Non-Operating Revenues:												
Local Sources - Board Subsidy												28,872
State Sources:												
State School Lunch Program										942	942	743
Other												
Federal Sources:												
School Breakfast Program										25,872	25,872	19,447
Food Distribution Program												3,345
National School Lunch Program										45,867	45,867	32,174
Total Non-Operating Revenues										72,681	72,681	84,581
Transfers					91,467		28,195	746	(120,408)			
Prior Year Accountants Receivable Adjustment	(12,735)	(30,162)		(112,603)		(9,000)			(28,130)		(192,630)	
Net Increase in Net Position	315,568	(63,071)	(16,490)	377,715		118,456		(14,911)	540,716	6,828	1,264,811	739,965
Net Position - July 1	24,105	328,039	409,715	91,055		271,617		14,911	628,425		1,767,867	1,027,902
Net Position - June 30	\$ 339,673	\$ 264,968	\$ 393,225	\$ 468,770	\$	\$ 390,073	\$	\$	\$ 1,169,141	\$ 6,828	\$ 3,032,678	\$ 1,767,867

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**AS OF JUNE 30, 2015 AND 2014**

	Child Study Team	Alternative Middle & High School Fund	Related Services Fund	One on One Aides	Nonpublic Interlocal Fund	Summer Programs	Early Intervention Program	Business Services Fund	Regional Day School	Food Service Fund	Totals	
											2015	2014
<b>Cash Flows from Operating Activities:</b>												
Receipts from Customers	\$ 1,285,001	\$ 709,845	\$ 1,127,388	\$ 1,363,309	\$ 163,480	\$ 698,009	\$ 665,523	\$	\$ 1,780,097	\$ 6,143	\$ 7,798,795	\$ 6,721,772
Payments to Employees	(889,654)	(458,603)	(617,870)	(530,153)	(101,428)	(537,049)	(198,731)		(828,152)		(4,161,640)	(3,803,529)
Payments for Employee Benefits	(154,690)	(100,903)	(258,785)	(309,737)	(44,013)		(43,297)	(756)	(124,701)		(1,036,882)	(1,231,463)
Payments to Suppliers	(37,394)	(149,425)	(16,547)		(4,294)	(27,478)	(462,483)	(14,901)	(746,756)	(91,861)	(1,551,139)	(879,509)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>203,263</b>	<b>914</b>	<b>234,186</b>	<b>523,419</b>	<b>13,745</b>	<b>133,482</b>	<b>(38,988)</b>	<b>(15,657)</b>	<b>80,488</b>	<b>(85,718)</b>	<b>1,049,134</b>	<b>807,271</b>
<b>Cash Flows from Noncapital Financing Activities</b>												
State Sources										859	859	743
Federal Sources										62,945	62,945	54,966
Operating Subsidies and Transfers to Other Funds					91,467		28,195	746	(120,408)			28,872
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>					<b>91,467</b>		<b>28,195</b>	<b>746</b>	<b>(120,408)</b>	<b>63,804</b>	<b>63,804</b>	<b>84,581</b>
<b>Cash Flows from Capital and Related Financing Activities</b>												
Purchases of Capital Assets												
<b>Net Cash Provided by (Used For) Capital and Related Financing Activities</b>												
<b>Cash Flows from Investing Activities</b>												
<b>Net Cash Provided by (Used for) Investing Activities</b>												
<b>Net Increase (Decrease) in Cash and Cash Equivale</b>	<b>203,263</b>	<b>914</b>	<b>234,186</b>	<b>523,419</b>	<b>105,212</b>	<b>133,482</b>	<b>(10,793)</b>	<b>(14,911)</b>	<b>(39,920)</b>	<b>(21,914)</b>	<b>1,112,938</b>	<b>891,852</b>
Balances - Beginning of Year	(27,375)	117,988	66,828	(258,675)	(133,193)	212,881	10,793	14,911	1,214,103	21,914	1,240,175	348,323
<b>Balances - End of Year</b>	<b>\$ 175,888</b>	<b>\$ 118,902</b>	<b>\$ 301,014</b>	<b>\$ 264,744</b>	<b>\$ (27,981)</b>	<b>\$ 346,363</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,174,183</b>	<b>\$</b>	<b>\$ 2,353,113</b>	<b>\$ 1,240,175</b>
<b>Operating income (loss)</b>	<b>\$ 328,303</b>	<b>\$ (32,909)</b>	<b>\$ (16,490)</b>	<b>\$ 490,318</b>	<b>\$ (91,467)</b>	<b>\$ 127,456</b>	<b>\$ (28,195)</b>	<b>\$ (15,657)</b>	<b>\$ 689,254</b>	<b>\$ (65,853)</b>	<b>\$ 1,384,760</b>	<b>\$ 655,384</b>
<b>Adjustments to reconcile operating income (loss) to cash used by operating activities:</b>												
Depreciation												
Change in assets and liabilities:												
(Increase)/ decrease in Accounts Receivable	(133,091)	22,559	248,847	33,101	105,212	6,290					282,918	183,875
Increase/(decrease) in Accounts Payable	8,051	11,264	1,829			(264)	(10,793)		809	(12,170)	(1,274)	(663,603)
Increase/(decrease) in Interfund Payable									(609,575)	(7,695)	(617,270)	631,615
<b>Total Adjustments</b>	<b>(125,040)</b>	<b>33,823</b>	<b>250,676</b>	<b>33,101</b>	<b>105,212</b>	<b>6,026</b>	<b>(10,793)</b>		<b>(608,766)</b>	<b>(19,865)</b>	<b>(335,626)</b>	<b>151,887</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>203,263</b>	<b>914</b>	<b>234,186</b>	<b>523,419</b>	<b>13,745</b>	<b>133,482</b>	<b>(38,988)</b>	<b>(15,657)</b>	<b>80,488</b>	<b>(85,718)</b>	<b>1,049,134</b>	<b>807,271</b>

## FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Fund** – This agency fund is used to account for the payroll transactions of the school district.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2015**

**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	Expendable Trust Funds	Agency		Total 2015	Total 2014
		Student Activity	Payroll		
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 1,094	\$ 15,230	\$ 5,650	\$ 21,974	\$ 26,983
Total Assets	\$ 1,094	\$ 15,230	\$ 5,650	\$ 21,974	\$ 26,983
<b>LIABILITIES:</b>					
Payroll Deductions and Withholdings	\$	\$	\$ 3,024	\$ 3,024	\$ 391
Interfund Payables			2,626	2,626	15,940
Due to Student Groups		15,230		15,230	9,560
Total Liabilities	\$	\$ 15,230	\$ 5,650	\$ 20,880	\$ 25,891
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims and Other Purposes	\$ 1,094	\$	\$	\$ 1,094	\$ 1,092

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**MEMORIAL EXPENDABLE TRUST FUND**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES:</b>		
Local Sources		
Interest on Investments	\$ 2	\$ 1
<b>OPERATING EXPENSES</b>		
Withdrawals		
Operating Income (Loss)	2	1
Net Position - July 1, 2014	1,092	1,091
Net Position - June 30, 2015	\$ 1,094	\$ 1,092

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
**STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Activity</u>	<u>Balance July 1 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Payable</u>	<u>Balance June 30 2015</u>
Job Coach \$		\$ 2,427	\$ 1,253	\$	\$ 1,174
T- Shirts	378	2,100	2,068		410
Walk	7,169	5,385	2,911		9,643
Box Tops	425	301	124		602
Cumberland	1,588	4,498	2,685		3,401
Due Students \$	<u>9,560</u>	<u>\$ 14,711</u>	<u>\$ 9,041</u>	<u>\$</u>	<u>\$ 15,230</u>

**SALEM COUNTY SPECIAL SERVICES DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>June 30, 2015</u>
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 16,331	\$	8,274,491	\$	8,285,172	\$	5,650
Total Assets	\$ 16,331	\$	8,274,491	\$	8,285,172	\$	5,650
<b>LIABILITIES:</b>							
Payroll Deductions, Withholdings and Net Pay	\$ 391	\$	8,271,865	\$	8,269,232	\$	3,024
Interfund Payables	15,940		2,626		15,940		2,626
Total Liabilities	\$ 16,331	\$	8,274,491	\$	8,285,172	\$	5,650

**STATISTICAL SECTION**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*  
*(Accrual Basis of Accounting)*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 1,077,938	\$ 1,047,320	\$ 1,037,489	\$ 6,580,711	\$ 6,756,746	\$ 5,748,409	\$ 5,688,910	\$ 5,409,991	\$ 5,706,980	\$ 5,472,718
Restricted	100,000	100,000	100,000	537,565	280,291	264,991	127,734	127,879	100,210	100,000
Unrestricted	184,865	172,917	359,640	384,306	352,606	282,342	201,606	190,537	691,176	(3,311,927)
<b>Total Governmental Activities Net Position</b>	<b>\$ 1,362,803</b>	<b>\$ 1,320,237</b>	<b>\$ 1,497,129</b>	<b>\$ 7,502,582</b>	<b>\$ 7,389,643</b>	<b>\$ 6,295,742</b>	<b>\$ 6,018,250</b>	<b>\$ 5,728,407</b>	<b>\$ 6,498,366</b>	<b>\$ 2,260,791</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$	\$	\$ 5,587	\$ 38,018	\$ 29,134	\$ 13,150	\$ 4,725	\$	\$	\$
Restricted		3,790	6,161	10,088	4,554	1,050				61,422
Unrestricted	1,207,935	1,314,064	2,005,361	2,128,152	1,665,766	1,089,764	604,347	1,027,902	1,767,867	2,971,256
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,207,935</b>	<b>\$ 1,317,854</b>	<b>\$ 2,017,109</b>	<b>\$ 2,176,258</b>	<b>\$ 1,699,454</b>	<b>\$ 1,103,964</b>	<b>\$ 609,072</b>	<b>\$ 1,027,902</b>	<b>\$ 1,767,867</b>	<b>\$ 3,032,678</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 1,077,938	\$ 1,047,320	\$ 1,043,076	\$ 6,618,729	\$ 6,785,880	\$ 5,761,559	\$ 5,693,635	\$ 5,409,991	\$ 5,706,980	\$ 5,472,718
Restricted	100,000	103,790	106,161	547,653	284,845	266,041	127,734	127,879	100,210	161,422
Unrestricted	1,392,800	1,486,981	2,365,001	2,512,458	2,018,372	1,372,106	805,953	1,218,439	2,459,043	(340,671)
<b>Total District-Wide Net Position</b>	<b>\$ 2,570,738</b>	<b>\$ 2,638,091</b>	<b>\$ 3,514,238</b>	<b>\$ 9,678,840</b>	<b>\$ 9,089,097</b>	<b>\$ 7,399,706</b>	<b>\$ 6,627,322</b>	<b>\$ 6,756,309</b>	<b>\$ 8,266,233</b>	<b>\$ 5,293,469</b>

Source: CAFR Schedule A-1

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*  
*(Accrual Basis of Accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction										
Regular	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Special Education	1,122,846	1,237,510	942,183	1,360,947	1,731,368	2,135,308	2,221,475	1,958,322	2,530,644	2,966,578
Support Services										
Student and Instruction Related Services	140,711	129,621	94,409	224,344	277,711	249,218	266,142	621,856	773,586	731,793
General Administrative Services	342,556	192,934	217,877	174,791	99,999	165,842	213,976	136,533	234,695	295,870
School Administrative Services	154,922	161,042	143,233	210,138	213,903	237,011	235,496	387,163	321,197	527,547
Central Services and Info. Technology		102,205	63,481	101,416	113,430	166,174	196,259	258,205	382,090	326,007
Plant Operations and Maintenance	277,089	297,945	246,768	431,645	613,757	406,797	422,323	450,729	518,957	630,673
Pupil Transportation	23,337	32,782	21,520	29,615	28,911	23,487	63,879	44,474	62,599	48,112
Employee Benefits	653,436	1,020,574	933,288	1,104,636	1,397,518	1,537,040	1,940,825	2,274,698	2,672,058	4,400,924
Interest on Long-Term Debt										
Unallocated Depreciation and Amortization	32,351	34,138	40,485	116,025	134,182	162,619	196,756	196,756	280,675	269,262
<b>Total Governmental Activities Expenses</b>	<b>2,747,248</b>	<b>3,208,751</b>	<b>2,703,244</b>	<b>3,753,557</b>	<b>4,610,779</b>	<b>5,083,496</b>	<b>5,757,131</b>	<b>6,328,736</b>	<b>7,776,501</b>	<b>10,196,766</b>
<b>Business-Type Activities</b>										
Food Service	40,362	40,182	35,613	47,649	60,405	73,682	73,800	84,634	112,827	71,996
Other Enterprise	2,848,785	3,373,834	5,098,138	6,149,082	6,896,272	7,198,668	6,420,093	7,172,481	5,953,561	6,030,991
<b>Total Business-Type Activities Expense</b>	<b>2,889,147</b>	<b>3,414,016</b>	<b>5,133,751</b>	<b>6,196,731</b>	<b>6,956,677</b>	<b>7,272,350</b>	<b>6,493,893</b>	<b>7,257,115</b>	<b>6,066,388</b>	<b>6,102,987</b>
<b>Total District Expenses</b>	<b>\$ 5,636,395</b>	<b>\$ 6,622,767</b>	<b>\$ 7,836,995</b>	<b>\$ 9,950,288</b>	<b>\$ 11,567,456</b>	<b>\$ 12,355,846</b>	<b>\$ 12,251,024</b>	<b>\$ 13,585,851</b>	<b>\$ 13,842,889</b>	<b>\$ 16,299,753</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions	\$ 237,732	\$ 480,433	\$ 491,156	\$ 569,471	\$ 611,956	\$ 693,365	\$ 916,594	\$ 1,092,617	\$ 948,873	\$ 805,777
<b>Total Governmental Activities Program Revenues</b>	<b>237,732</b>	<b>480,433</b>	<b>491,156</b>	<b>569,471</b>	<b>611,956</b>	<b>693,365</b>	<b>916,594</b>	<b>1,092,617</b>	<b>948,873</b>	<b>805,777</b>
<b>Business-Type Activities</b>										
Charges for Services										
Food Service	7,068	5,227	3,036	3,958	7,214	6,903	7,843	5,416	6,332	6,143
Other Enterprise	3,127,391	3,576,437	5,871,287	6,370,164	6,577,159	6,805,153	5,912,621	7,606,699	6,715,440	7,481,604
Operating Grants and Contributions	23,372	20,846	23,077	30,187	42,865	56,597	61,030	59,374	55,709	72,681
<b>Total Business-Type Activities Program Revenues</b>	<b>3,157,831</b>	<b>3,602,510</b>	<b>5,897,400</b>	<b>6,404,309</b>	<b>6,627,238</b>	<b>6,868,653</b>	<b>5,981,494</b>	<b>7,671,489</b>	<b>6,777,481</b>	<b>7,560,428</b>
<b>Total District Program Revenues</b>	<b>\$ 3,395,563</b>	<b>\$ 4,082,943</b>	<b>\$ 6,388,556</b>	<b>\$ 6,973,780</b>	<b>\$ 7,239,194</b>	<b>\$ 7,562,018</b>	<b>\$ 6,898,088</b>	<b>\$ 8,764,106</b>	<b>\$ 7,726,354</b>	<b>\$ 8,366,205</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	<b>\$ (2,509,516)</b>	<b>\$ (2,728,318)</b>	<b>\$ (2,212,088)</b>	<b>\$ (3,184,086)</b>	<b>\$ (3,998,823)</b>	<b>\$ (4,390,131)</b>	<b>\$ (4,840,537)</b>	<b>\$ (5,236,119)</b>	<b>\$ (6,827,628)</b>	<b>\$ (9,390,989)</b>
<b>Business-Type Activities</b>	<b>268,684</b>	<b>188,494</b>	<b>763,649</b>	<b>207,578</b>	<b>(329,439)</b>	<b>(403,697)</b>	<b>(512,399)</b>	<b>414,374</b>	<b>711,093</b>	<b>1,457,441</b>
<b>Total District-Wide Net Expense</b>	<b>\$ (2,240,832)</b>	<b>\$ (2,539,824)</b>	<b>\$ (1,448,439)</b>	<b>\$ (2,976,508)</b>	<b>\$ (4,328,262)</b>	<b>\$ (4,793,828)</b>	<b>\$ (5,352,936)</b>	<b>\$ (4,821,745)</b>	<b>\$ (6,116,535)</b>	<b>\$ (7,933,548)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, net	\$ 280,789	\$ 303,117	\$ 315,242	\$ 315,242	\$ 305,000	\$ 305,000	\$ 305,000	\$ 275,000	\$ 241,875	\$ 353,000
Unrestricted Grants and Contributions	654	5,353								
Tuition Received	2,220,440	2,395,832	2,088,533	2,853,686	3,421,523	3,668,047	4,240,117	4,531,572	6,884,244	7,379,312
Investment Earnings	1,545	1,644	7,234	16,208	7,004	3,860	2,744	1,513	2,098	3,531
Shared Services Revenue								127,847		
Miscellaneous Income	6,843	2,389	2,313	8,415	14,856	17,915	25,052	14,800	30,475	1,506,866
Compensated Absences	(40,567)									
Fixed Assets Adjustment			1,251	6,005,507		(879,352)			467,767	
Transfers	(8,824)	(10,925)	(13,468)	(9,519)	137,501	180,760	(9,868)	(4,456)	(28,872)	
<b>Total Governmental Activities</b>	<b>2,460,880</b>	<b>2,697,410</b>	<b>2,401,105</b>	<b>9,189,539</b>	<b>3,885,884</b>	<b>3,296,230</b>	<b>4,563,045</b>	<b>4,946,276</b>	<b>7,597,587</b>	<b>9,242,709</b>
<b>Business-Type Activities</b>										
Prior Year Revenue Adjustment		(89,500)	(77,862)	(57,948)	(9,864)	(11,033)	7,639			
Transfer	8,824	10,925	13,468	9,519	(137,501)	(180,760)	9,868	4,456	28,872	(192,630)
<b>Total Business-Type Activities</b>	<b>8,824</b>	<b>(78,575)</b>	<b>(64,394)</b>	<b>(48,429)</b>	<b>(147,365)</b>	<b>(191,793)</b>	<b>17,507</b>	<b>4,456</b>	<b>28,872</b>	<b>(192,630)</b>
<b>Total District-Wide</b>	<b>\$ 2,469,704</b>	<b>\$ 2,618,835</b>	<b>\$ 2,336,711</b>	<b>\$ 9,141,110</b>	<b>\$ 3,738,519</b>	<b>\$ 3,104,437</b>	<b>\$ 4,580,552</b>	<b>\$ 4,950,732</b>	<b>\$ 7,626,459</b>	<b>\$ 9,050,079</b>
<b>Change in Net Position</b>										
<b>Governmental Activities</b>	<b>\$ (48,636)</b>	<b>\$ (30,908)</b>	<b>\$ 189,017</b>	<b>\$ 6,005,453</b>	<b>\$ (112,939)</b>	<b>\$ (1,093,901)</b>	<b>\$ (277,492)</b>	<b>\$ (289,843)</b>	<b>\$ 769,959</b>	<b>\$ (148,280)</b>
<b>Business-Type Activities</b>	<b>277,508</b>	<b>109,919</b>	<b>699,255</b>	<b>159,149</b>	<b>(476,804)</b>	<b>(595,490)</b>	<b>(494,892)</b>	<b>418,830</b>	<b>739,965</b>	<b>1,264,811</b>
<b>Total District-Wide</b>	<b>\$ 228,872</b>	<b>\$ 79,011</b>	<b>\$ 888,272</b>	<b>\$ 6,164,602</b>	<b>\$ (589,743)</b>	<b>\$ (1,689,391)</b>	<b>\$ (772,384)</b>	<b>\$ 128,987</b>	<b>\$ 1,509,924</b>	<b>\$ 1,116,531</b>

Source: CAFR Schedule A-2

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*  
*(Modified Accrual Basis of Accounting)*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Restricted	\$ 101,472	\$ 100,000	\$ 222,729	\$ 210,626	\$ 157,811	\$ 100,000	\$ 100,000	\$	\$	\$
Maintenance Reserve								100,000	100,000	100,000
Assigned:										
Year-end Encumbrances								145	210	6,232
Subsequent Year's Expenditures										
Unrestricted - Unassigned	245,097	277,280	283,586	322,185	339,065	356,967	310,441	190,537	786,539	1,017,753
<b>Total General Fund</b>	<b>\$ 346,569</b>	<b>\$ 377,280</b>	<b>\$ 506,315</b>	<b>\$ 532,811</b>	<b>\$ 496,876</b>	<b>\$ 456,967</b>	<b>\$ 410,441</b>	<b>\$ 290,682</b>	<b>\$ 886,749</b>	<b>\$ 1,123,985</b>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$ 114,762	\$ 114,762	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund										
Capital Projects Fund				437,565	65,529	50,229	27,734	27,734		
<b>Total All Other Governmental Funds</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 437,565</b>	<b>\$ 180,291</b>	<b>\$ 164,991</b>	<b>\$ 27,734</b>	<b>\$ 27,734</b>	<b>\$</b>	<b>\$</b>

Source: CAFR Schedule B-1

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
County Tax Levy	\$ 280,789	\$ 291,459	\$ 303,117	\$ 315,242	\$ 305,000	\$ 305,000	\$ 305,000	\$ 275,000	\$ 241,875	\$ 353,000
Tuition Charges	2,220,440	2,395,832	2,088,533	2,853,686	3,421,523	3,668,047	4,240,117	4,531,572	6,884,244	7,379,312
Interest Earnings		1,644	7,234	16,208	7,004	3,860	2,744	1,513	2,098	3,531
Shared Services Revenue								127,847		
Miscellaneous	8,388	2,389	2,313	8,415	19,380	21,845	25,072	19,451	32,431	6,154
Other Sources	3,500									
State Sources	234,232	431,513	491,156	524,485	594,233	673,773	872,592	1,087,966	906,807	1,041,058
Federal Sources	654	54,273		44,986	13,199	15,662	43,982		40,110	30,048
<b>Total Revenues</b>	<b>2,748,003</b>	<b>3,177,110</b>	<b>2,892,353</b>	<b>3,763,022</b>	<b>4,360,339</b>	<b>4,688,187</b>	<b>5,489,507</b>	<b>6,043,349</b>	<b>8,107,565</b>	<b>8,813,103</b>
<b>Expenditures</b>										
<b>Instruction</b>										
<b>Regular</b>										
Special Education Instruction	1,122,846	1,237,510	942,183	1,360,947	1,731,368	2,135,308	2,221,475	1,958,322	2,530,644	2,966,578
<b>Support Services</b>										
Student and Instruction Related Services	140,711	129,621	94,409	224,344	277,711	249,218	266,142	621,856	773,586	731,793
General Administrative Services	146,397	192,934	217,877	174,791	99,999	165,842	213,976	136,533	234,695	295,870
School Administrative Services	154,922	161,042	143,233	210,138	213,903	237,011	235,496	387,163	321,197	527,547
Central Services	196,159	101,745	61,493	96,999	100,148	120,192	159,464	207,230	303,466	265,254
Administrative Information Tech, Serv		460	1,988	4,417	13,282	45,982	36,795	50,975	78,624	60,753
Plant Operations and Maintenance	277,089	297,945	246,768	431,645	613,757	406,797	422,323	450,729	518,957	630,673
Pupil Transportation	23,337	32,782	21,520	29,615	28,911	23,487	63,879	44,474	62,599	48,112
Unallocated Employee Benefits	653,436	977,915	990,976	1,102,806	1,401,753	1,506,685	1,906,615	2,301,370	2,658,858	3,014,287
Capital Outlay	14,342	3,520	25,194	5,653,740	310,217	33,634	137,257		27,734	35,000
<b>Total Expenditures</b>	<b>2,729,239</b>	<b>3,135,474</b>	<b>2,745,641</b>	<b>9,289,442</b>	<b>4,791,049</b>	<b>4,924,156</b>	<b>5,663,422</b>	<b>6,158,652</b>	<b>7,510,360</b>	<b>8,575,867</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,764	41,636	146,712	(5,526,420)	(430,710)	(235,969)	(173,915)	(115,303)	597,205	237,236
<b>Other Financing Sources (Uses)</b>										
<b>Bond Proceeds</b>										
Cancellation of Prior Year Receivables			(4,209)	6,000,000						
Transfers	(8,824)	(10,925)	(13,468)	(9,519)	137,501	180,760	(9,868)	(4,456)	(28,872)	
<b>Total Other Financing Sources (Uses)</b>	<b>(8,824)</b>	<b>(10,925)</b>	<b>(17,677)</b>	<b>5,990,481</b>	<b>137,501</b>	<b>180,760</b>	<b>(9,868)</b>	<b>(4,456)</b>	<b>(28,872)</b>	
<b>Net Change in Fund Balances</b>	<b>\$ 9,940</b>	<b>\$ 30,711</b>	<b>\$ 129,035</b>	<b>\$ 464,061</b>	<b>\$ (293,209)</b>	<b>\$ (55,209)</b>	<b>\$ (183,783)</b>	<b>\$ (119,759)</b>	<b>\$ 568,333</b>	<b>\$ 237,236</b>
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Tuition Revenue</b>	<b>Rent</b>	<b>Refund of Prior Year Expenditure</b>	<b>Shared Service Revenue</b>	<b>Misc.</b>	<b>Total</b>
2015	\$ 3,531	\$ 7,379,312				\$ 3,039	\$ 7,385,882
2014	2,098	6,884,244				30,475	6,916,817
2013	1,513	4,531,572			127,847	14,800	4,675,732
2012	2,744	4,240,117	14,450	3,106		7,496	4,267,913
2011	3,860	3,668,047				16,471	3,688,378
2010	7,004	3,421,523				14,856	3,443,383
2009	16,208	2,853,686				8,415	2,878,309
2008	7,234	2,088,533		2,049		264	2,098,080
2007	1,644	2,395,832				2,389	2,399,865
2006	1,545	2,220,440		289		6,554	2,228,828

Source: District Records

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Year</u>	<u>Population</u> <sup>a</sup>	<u>Personal Income (thousands of dollars)</u> <sup>b</sup>	<u>Per Capita Personal Income</u> <sup>c</sup>	<u>Unemployment Rate</u> <sup>d</sup>
2015	** 64,068	\$ 2,795,488,346	\$ 43,633	7.4%
2014	64,715	2,795,767,923	43,201	8.2%
2013	65,106	2,784,811,491	42,774	10.3%
2012	65,664	2,780,870,400	42,350	11.7%
2011	66,028	2,719,825,376	41,192	11.6%
2010	65,992	2,632,354,888	39,889	11.7%
2009	66,342	2,596,493,196	39,138	10.7%
2008	66,194	2,598,379,276	39,254	6.3%
2007	65,981	2,451,721,998	37,158	4.9%
2006	65,929	2,340,941,003	35,507	5.0%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita Source: Regional Economic Information System

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

\*\* Estimates

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular			1	1	1	2	3	3	3	3
Special education	15	14	15	16	16	20	21	21	21	25
Other special education	23	17	20	27	27	27	26	26	26	30
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services	8 *	17	18	18	20	20	20	20	20	22
General administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	2	2	2	2	2	2	2	2	2	3
Business administrative services	1			1.25	2.5	2.5	2.5	2.5	2.5	2.5
Plant operations and maintenance							2	2	2	1
Pupil transportation										
Food Service										
Total	<u>50</u>	<u>51</u>	<u>57</u>	<u>66.25</u>	<u>69.5</u>	<u>74.5</u>	<u>77.5</u>	<u>77.5</u>	<u>77.5</u>	<u>87.5</u>

\* Increase in Child Study Team Staff

Source: District Personnel Records

School Aide Position Report as of 9/30 each year.

Certified Staff report as of 10/15 each year.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio					Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Behavioral Disability	Emotionally Disturbed	Cognitive - Severe	Autistic	Multi-Handicapped				
2015	295	\$ 8,540,867	\$ 28,952	10.25%	29	5.0:1	4.0 : 1	3.0 : 1	6.0 : 1	5.0 : 1	241.9	216.0	56.47%	89.29%
2014	286	7,482,626	26,260	-46.15%	26	5.0:1	4.0 : 1	3.0 : 1	6.0 : 1	5.0 : 1	235.4	204.9	52.26%	87.04%
2013	154	6,158,652	39,991	23.02%	26	5.0:1	4.0 : 1	3.0 : 1	6.0 : 1	5.0 : 1	154.6	142.7	-4.09%	92.30%
2012	170	5,526,165	32,507	13.00%	26		4.0 : 1	3.0 : 1	6.0 : 1	5.0 : 1	161.2	151.8	0.19%	94.17%
2011	170	4,890,522	28,768	-30.02%	26		6.0 : 1	3.0 : 1	5.0 : 0	9.0 : 0	160.9	149.5	15.18%	92.91%
2010	109	4,480,832	41,109	-5.02%	25		5.0 : 1	7.0 : 1	6.0 : 0	4.0 : 0	139.7	128.5	17.59%	91.98%
2009	84	3,635,702	43,282	32.05%	17		6.0 : 1	6.0 : 1	4.0 : 1	5.0 : 1	118.8	91.9	39.93%	77.36%
2008	83	2,720,447	32,776	2.56%	15		7.0 : 1	5.0 : 1	4.0 : 1	3.4 : 0	84.9	90.6	-0.82%	106.71%
2007	98	3,131,954	31,959	-2.30%	14		7.0 : 1	5.0 : 1	5.5 : 1	3.7 : 1	85.6	79.1	15.21%	92.41%
2006	83	2,714,897	32,710	6.89%	15		5.4 : 1	4.7 : 1	5.2 : 1	3.6 : 1	74.3	93.8	-17.17%	126.24%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on June Student Placement Report

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

<b><u>District Building</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b><u>Elementary, Middle &amp; High</u></b>										
Daretown										
Square Feet	22,464	22,464	22,464	22,464	22,464	22,646	22,646	22,646	22,646	22,646
Capacity (students)	80	80	80	80	80	80	80	80	80	80
Enrollment	44	38	48	48	49	47	44	48	45	43
Cumberland										
Square Feet				32,619	32,619	32,619	32,619	32,619	32,619	32,619
Capacity (students)				80	80	80	80	80	80	80
Enrollment				24	60	43	55	54	75	93

**Other**

- Administration Building
- Square Feet
- Transportation
- Square Feet
- Maintenance Offices
- Square Feet

Number of Schools at June 30, 2015

- Elementary = 2
- Middle School = 2
- High School = 2
- Other =

**Source:** District records, ASSA

Note: Increases in square footage and capacity are the result of additions.  
 Enrollment is based on the student placement report 6/20/10.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

<u>School Facilities</u>	<u>Project #</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Daretown	\$	51,829	\$ 41,823	\$ 35,477	\$ 42,555	\$ 44,986	\$ 82,373	\$ 141,364	\$ 32,642	\$ 23,470	\$ 20,755
Cumberland Campus		113,440	58,237	45,447	52,776	27,656	44,854	18,559			
Mannington Twp. Reg. Day		28,960									
<b>Total School Facilities</b>		<u>194,229</u>	<u>100,060</u>	<u>80,924</u>	<u>95,331</u>	<u>72,642</u>	<u>127,227</u>	<u>159,923</u>	<u>32,642</u>	<u>23,470</u>	<u>20,755</u>
Other Facilities		2,442	4,052	1,551							
<b>Grand Total</b>	<b>\$</b>	<b><u>196,671</u></b>	<b><u>\$ 104,112</u></b>	<b><u>\$ 82,475</u></b>	<b><u>\$ 95,331</u></b>	<b><u>\$ 72,642</u></b>	<b><u>\$ 127,227</u></b>	<b><u>\$ 159,923</u></b>	<b><u>\$ 32,642</u></b>	<b><u>\$ 23,470</u></b>	<b><u>\$ 20,755</u></b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
 (UNAUDITED)

<b>Company</b>	<b>Type of Coverage</b>	<b>Coverage</b>	<b>Deductible</b>
NJSBAIG	<b>School Package Policy</b>		
	Blanket Building & Personal Property	\$ 20,292,316	\$ 1,000
	<b>Comprehensive General Liability</b>		
	Products and Completed Operations Limit	11,000,000	
	Personal Advertising Injury Limit	11,000,000	
	Bodily Injury and Property Damage	11,000,000	
	<b>Commercial Inland Marine</b>		
	Blanket Hardware and Software	285,000	1,000
	<b>Boiler &amp; Machinery - Property &amp; Extra Expense</b>		
	Combined Single Limit per Accident and Property Damage	100,000,000	1,000
	<b>Commercial Crime Section</b>		
	Employee Dishonesty Coverage	100,000	1,000
	<b>Comprehensive Automobile Liability</b>		
	Combined Single Limit	11,000,000	
	<b>School District Legal Liability</b>		
	Limit of Liability	11,000,000	
Insured Retained Limit	5,000		
<b>Workman's Compensation Policy</b>			
Bodily Injury by Accident	2,000,000		
Bodily Injury by Disease	2,000,000		
Bodily Injury by Disease	2,000,000		
<b>Excess Liability</b>			
Fireman's Fund Indemnity Corp. Limits of Insurance (Occurrence)	50,000,000		
Aggregate Limit	50,000,000		
<b>Student Accident Policy</b>			
Berkley Ins. Co./Mcclosky Full Excess Maximum Benefit Amount	1,000,000		
<b>Catastrophic Student Accident Coverage</b>			
Markel Insurance Company Accident Medical Expense - Maximum per Participant	5,000,000		
Catastrophic Cash Benefit - Maximum Benefit	500,000		
<b>Surety Bonds</b>			
Ohio Casualty Ins Co. Business Administrator	10,000		
Treasurer	150,000		

Source: District Records

# **NIGHTLINGER, COLAVITA & VOLPA**

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*Certified Public Accountants*

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November 20, 2015

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

### **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Salem County Special Services School District  
County of Salem, New Jersey 08079

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education of the Salem County Special Services School District's basic financial statements and have issued our report thereon dated November 20, 2015.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Salem County Special Services School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Salem County Special Services School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Salem County Special Services School District Board of Education's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified two deficiencies in internal control over financial reporting that we consider to be a material weakness, as labeled 2015-1 and 2015-2 that we have reported to the Salem County Special Services Board of Education in a separate report entitled, *Auditor's Management Report on Administrative Findings, Compliance and Performance* dated November 20, 2015.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Salem County Special Services Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

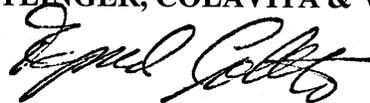
### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Salem County Special Services Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2015		
				From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor
Enterprise Fund:												
School Breakfast Program	10.553	N/A	\$25,872	7/1/14	- 6/30/15	\$	\$	\$ 17,025	\$ (25,872)	\$ (8,847)	\$	\$
School Breakfast Program	10.553	N/A	19,447	7/1/13	- 6/30/14	(5,827)		5,827				
National School Lunch Program	10.555	N/A	32,174	7/1/13	- 6/30/14	(9,250)		9,250				
National School Lunch Program	10.555	N/A	45,867	7/1/14	- 6/30/15			30,843	(45,867)	(15,024)		
						(15,077)		62,945	(71,739)	(23,871)		
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Special Revenue Fund:												
REAP - II	84.358B	S358A136158	\$22,552	7/1/14	- 9/30/15			19,200	(21,260)	(2,060)		
REAP - II	84.358B	S358A126158	23,693	7/1/13	- 9/30/14	(23,693)		32,481	(8,788)			
REAP - II	84.358B	S358A126158	25,205	7/1/12	- 9/30/13	(16,417)		16,417				
						(40,110)		68,098	(30,048)	(2,060)		
Total Federal Awards						\$ (55,187)	\$	\$ 131,043	\$ (101,787)	\$ (25,931)	\$	\$

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

A Single Audit was not required in accordance with OMB Circular A-133 since the total of all federal grant expenditures was less than \$500,000.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2014			Balance at June 30, 2015			Cumulative Total Expenditures
				Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue/ Interfund Payable	
State Department of Education:										
General Fund										
Reimbursed TPAF Social Security Contrib.	15-495-034-5094-003	\$ 346,459	7/1/14- 6/30/15			\$ 312,543	\$ (346,459)	\$ (33,916)		* \$ 346,459
Reimbursed TPAF Social Security Contrib.	14-495-034-5094-003	322,902	7/1/13- 6/30/14	\$ (15,915)		15,915				
				(15,915)		328,458	(346,459)	(33,916)		346,459
Special Revenue Fund										
State Department of Education:										
Food Service Enterprise Fund										
State Department of Agriculture:										
National School Lunch Program (State Share)	15-100-010-3350-023	942	7/1/14- 6/30/15			614	(942)	(328)		* 942
National School Lunch Program (State Share)	14-100-010-3350-023	743	7/1/13- 6/30/14	(245)		245				
				(245)		859	(942)	(328)		942
Total State Financial Assistance Subject to OMB 04-04/15-08				\$ (16,160)		\$ 329,317	\$ (347,401)	\$ (34,244)		\$ 347,401
On Behalf TPAF Contributions Not Subject to OMB 04-04/15-08										
On Behalf TPAF Pension Contribution	15-495-034-5095-006	268,444	7/1/14- 6/30/15			\$ 268,444	\$ (268,444)			
On Behalf TPAF Post Retirement Med'l. Contril	15-495-034-5095-001	426,155	7/1/14- 6/30/15			426,155	(426,155)			
Total State Financial Assistance						\$ 1,023,916	\$ (1,042,000)			

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2015**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Salem County Special Services School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits for States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.*, 18A:22-44.2.

There were no net adjustments to reconcile from the budgetary basis to the GAAP basis for the general or special revenue funds. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT.**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2015**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,041,058	\$ 1,041,058
Special Revenue Fund	30,048		30,048
Food Service Fund	71,739	942	72,681
Enterprise Funds Fund		<u>665,623</u>	<u>665,623</u>
Total Awards & Financial Assistance	\$ <u>101,787</u>	\$ <u>1,707,623</u>	\$ <u>1,809,410</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The Salem County Special Services School District had no outstanding loans at June 30, 2015.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**NOTE 7: SCHOOLWIDE PROGRAM FUNDS**

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**NOTE 8: MAJOR PROGRAMS**

The award designated as a major program, if applicable, is identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

**NOTE 9: ADJUSTMENTS**

There were no adjustments included on Schedule A and B.